MUTHOOT FINCORP LIMITED

Our Company, Muthoot Fincorp Limited (the "Company" or the "Issuer") was incorporated in the Republic of India under the Companies Act, 1956, as amended as a public limited company and registered as a Non-Banking Financial Company ("NBFC") within the meaning of the Reserve Bank of India Act, 1934, as amended (the "RBI Act"). For further details, see "*History and Certain Corporate Matters*" on page 91.

Registered office: Muthoot Centre, TC No 14/2074-7 Punnen Road Trivandrum – 695 0399, Kerala; **Tel**: +91 471 491 1550, **Fax**: +91 471 233 1560
Corporate office: Muthoot Centre, Near Spencer Junction, M.G. Road, Trivandrum – 695 001, Kerala; **Tel**: +91 471 491 1430, **Fax**: +91 471 491 1569
Compliance Officer and Contact Person: Mr. T.D. Mathai; **Email**: cs@muthootfincorp.com; **Tel:** +91 471 491 1649; **Fax:** +91 471 233 1560
CIN: U65929KL1997PLC011518; **Website**: www.muthootfincorp.com

PUBLIC ISSUE BY MUTHOOT FINCORP LIMITED, ("COMPANY" OR "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH ("NCD") FOR AN AMOUNT AGGREGATING TO ₹25,000 LAKHS WITH AN OPTION TO RETAIN OVER SUBSCRIPTION UP TO ₹25,000 LAKHS AGGREGATING TO ₹50,000 LAKHS (THE "ISSUE").

THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTERS OF THE COMPANY

Our promoters are Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot. For further details, please see "*Our Promoter*" on page 117.

GENERAL RISK

For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the section "*Risk Factors*" on page 17 and "*Material Developments*" on page 393 in the Draft Prospectus before making an investment in such Issue. This Draft Prospectus 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"), any Registrar of Companies, Kerala at Kochi, or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the NCDs, please see "*Issue Structure*" on page 443.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "BWR A+" (BWR A plus; Outlook: Stable)' for an amount of ₹ 50,000 lakhs , by Brickwork Ratings India Private Limited ("Brickworks") vide their letter dated August 23, 2019. The rating of BWR A+ by Brickworks indicate that instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see Annexure A and B to this Draft Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. Please refer to Annexures A and B of this Draft Prospectus for rating letters and rationale for the above ratings.

PUBLIC COMMENTS

This Draft Prospectus dated [●] has been filed with BSE, the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations and is open for public comments for a period of seven Working Days (i.e., until 5 p.m.) from the date of filing of this Draft Prospectus with the Designated Stock Exchange. All comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments may be sent through post, facsimile or e-mail.

LISTING

The NCDs are proposed to be listed on BSE, which has given its in-principle listing approval, by letter no. [●], dated [●]. The Designated Stock Exchange for the Issue is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE
smc capitals	Integrated since 1974 Investments Simplified	CATALYST
SMC Capitals Limited A 401/402, Lotus Corporate Park Jai Coach Junction Off Western Express Highway, Goregaon (East) Mumbai – 400 063, Maharashtra **Tel**: +91 22 6648 1818 **Fax**: +91 22 6734 1697 **Email**: mflncd2019@smccapitals.com **Investor Grievance Email**: investor.grievance@smccapitals.com **Website**: www.smccapitals.com **Contact person**: Mr. Satish Mangutkar **SEBI Registration No**.: MB/INM000011427	**Integrated Registry Management Services Private Limited** II Floor, Kences Towers No. 1 Ramakrishna Street North Usman Road, T. Nagar Chennai – 600 017, Tamil Nadu **Tel**: +91 44 2814 0801 - 803 **Fax**: +91 44 2814 2479 **Email**: mfinipo@integratedindia.in **Investor Grievance Email**: sureshbabu@integratedindia.in **Website**: http://www.integratedindia.in **Contact Person**: Mr. Sriram S **SEBI Registration Number**: INR000000544	**Catalyst Trusteeship Limited*** GDA House, Plot No 85 Bhusari Colony (Right) Paud Road Pune – 411 038, Maharashtra **Tel**: +91 20 2528 0081 **Fax**: +91 20 2528 0275 E-mail: dt@ctltrustee.com **Investor Grievance Email**: grievance@ctltrustee.com **Website**: www.catalysttrustee.com **Contact Person**: Mr. Umesh Salvi **SEBI Registration No**.: IND000000034

ISSUE PROGRAMME

ISSUE OPENS ON	ISSUE CLOSES ON**
[●], 2019	**[●], 2019**

**Catalyst Trusteeship Limited has by its letter dated August 22, 2019 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Offer Documents and in all the subsequent periodical communications se, nt to the holders of the NCDs issued pursuant to this Issue.*
***The Issue shall remain open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof of the Company. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation.*
A copy of the Prospectus shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013, along with the requisite endorsed/certified copies of all requisite documents. For further details please refer to the section titled "Material Contracts and Documents for Inspection" on page 487.

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SECTION I : GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Prospectus to "the Issuer", "our Company", "the Company" or "Muthoot Fincorp Limited", a non-banking financial company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Muthoot Centre, TC No 14/2074-7 Punnen Road Trivandrum – 695 0399, Kerala. Unless the context otherwise indicates, all references in this Draft Prospectus to "we" or "us" or "our" are to our Company.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

Company related terms

Term	Description
₹/Rs./INR/Rupees/ Indian Rupees	The lawful currency of the Republic of India
AoA/Articles/Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor/Statutory Auditor	M/s. Rangamani & Co, Chartered Accountants
Audited IND AS Financial Statements	Standalone Ind AS Financial Statements and Consolidated Ind AS Financial Statements
Board/Board of Directors	Board of directors of our Company or any duly constituted committee thereof
Company Secretary	The company secretary of our Company, i.e. Mr. T.D. Mathai
Compliance Officer	The compliance officer of our Company appointed in relation to this Issue, i.e. Mr. T.D. Mathai
Consolidated Ind AS Financial Statements	The consolidated audited Ind AS financial statement comprising of consolidated balance sheet as at March 31, 2019 and the consolidated statement of profit and loss for the Fiscal 2019, the consolidated statement of cash flows for the Fiscal 2019 and the statement of changes in equity for the Fiscal 2019 and a summary of the significant accounting policies and other explanatory information for the Fiscal 2019, prepared in accordance with Ind AS, as audited by the statutory auditors of our Company, namely, Rangamani & Co, Chartered Accountants
Corporate Office	The corporate office of our Company, situated at Muthoot Centre, Spencer Junction, Trivandrum – 695 001, Kerala
DIN	Director Identification Number
Debenture Committee	The committee of the Board of Directors of the Company constituted for the purposes of, inter alia, issuance of debentures of the Company.
Equity Shares	Equity shares of face value of ₹10 each of our Company
Gross Total Loan Assets	Gross value of loan assets before interest accrued on loans, provision for impairment and unamortised processing fee.
Group/ Group Companies	Alaska Agri Projects and Hospitalities Private Limited; Bamboo Agri Projects and Hospitalities Private Limited; Buttercup Agri Projects and Hospitalities Private Limited; Calypso Agri Development and Hospitalities Private Limited; Cinnamon Agri Development and Hospitalities Private Limited; El Toro Agri Projects and Hospitalities Private Limited; Emmel Realtors and Developers Private Limited Flame Agri Projects and Hospitalities Private Limited; Fox Bush Agri Development and Hospitalities Private Limited; Goblin Agri Projects and Hospitalities Private Limited; Jungle Cat Agri Development and Hospitalities Private Limited; L.M Realtors Private Limited; Mandarin Agri Ventures and Hospitalities Private Limited; Mariposa Agri Ventures and Hospitalities Private Limited; Mpg Hotels and Infrastructure Ventures Private Limited; Mpg Precious Metals Private Ltd; Muthoot Agri Development and Hospitalities Private Limited; Muthoot Agri Projects and Hospitalities Private limited; Muthoot Dairies

Term	Description
	and Agri Ventures Private Limited; Muthoot Apt Ceramics Limited Muthoot Automotive (India) Private Limited; Muthoot Automobile Solutions Private Limited; Muthoot Buildtech (India) Private Limited; Muthoot Capital Services Limited; Muthoot Equities Limited; Muthoot Holdings Private Limited; Muthoot Hotels Private Limited; Muthoot Housing Finance Company Limited; Muthoot Infrastructure Private Limited; Muthoot Land and Estates Private Limited; Muthoot Motors Private Limited; Muthoot Microfin Limited; Muthoot Pappachan Medicare Private Limited; Muthoot Pappachan Technologies Limited; Muthoot Properties (India) Private Limited; Muthoot Risk Insurance and Broking Services Private Limited; Pine Pink Agri Ventures and Hospitalities Private Limited; The Right Ambient Resorts Private Limited; Muthoot Pappachan Chits (India) Private Limited; Muthoot Exim Private Limited; Muthoot Kuries Private Limited; The Thinking Machine Media Private Limited; MPG Security Group Private Limited; Double Tails Agri Development and Hospitalities Private Limited; Fireworks Agri Development and Hospitalities Private Limited; Linden Agri Ventures and Hospitalities Private Limited; Musk Agri Ventures and Hospitalities Private Limited; Muthoot Agri Ventures and Hospitalities Private Limited; and Palakkad Infrastructure Private Limited
KMP/Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "*Our Management*" on page 101
Loan Assets	Assets under financing activities
Memorandum/MoA/Memorandum of Association	Memorandum of association of our Company, as amended from time to time
MML	Muthoot Microfin Limited
MPCIPL	Muthoot Pappachan Chits (India) Limited
MPG Hotels / MPG	MPG Hotels & Infrastructure Venutres Private Limited
MPTL	Muthoot Pappachan Technologies Limited
Muthoot Pappachan Group	Founded by Late Mathew M Thomas in 1979, the Muthoot Pappachan Group is involved in Financial Services, Hospitality, Automotive, Realty, IT Services, Healthcare, Precious Metals, Global Services and Alternate Energy. The Group is currently managed by Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot
NBFC	Non-banking financial company as defined under Section 45-IA of the RBI Act, 1934
Promoters	Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot
RoC	Registrar of Companies, Kerala and Lakshadweep
Registered Office	The registered office of our Company is situated at Muthoot Centre, TC No 14/2074-7 Punnen Road, Trivandrum – 695 039, Kerala
Risk Management Committee	The committee of the Board of Directors of the Company constituted for the purposes of, inter alia, to assist the Board in the execution of its risk management accountabilities. For further details, see "*Our Management*" on page 101
Reformatted Consolidated Financial Information	The reformatted consolidated statement of assets and liabilities as at March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof; reformatted consolidated statement of profits and losses for each of the years March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof, and the reformatted consolidated statement of cash flows for each of the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015. The audited financial statements of the Company as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 form the basis for such Reformatted Consolidated Financial Statements

Term	Description
Reformatted Financial Statements	Reformatted Standalone Financial Information and Reformatted Consolidated Financial Information
Reformatted Standalone Financial Information	The reformatted standalone statement of assets and liabilities as at March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof; reformatted standalone statement of profits and losses for each of the years March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof, and the reformatted standalone statement of cash flows for each of the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015. The audited financial statements of the Company as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 form the basis for such Reformatted Standalone Financial Statements
Stage 3 Loan Assets	Stage 3 Loan Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS
Stage 3 ECL Provision	Provision created for impairment of loan assets categorized as a Stage 3 Loan Asset
Standalone Ind AS Financial Statements	The standalone audited Ind AS financial statement comprising of standalone balance sheet as at March 31, 2019 and the standalone statement of profit and loss for the Fiscal 2019, the standalone statement of cash flows for the Fiscal 2019 and the statement of changes in equity for the Fiscal 2019 and a summary of the significant accounting policies and other explanatory information for the Fiscal 2019, prepared in accordance with Ind AS, as audited by the statutory auditors of our Company, namely, Rangamani & Co, Chartered Accountants

Issue related terms

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

Term	Description
Application Form/ ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs and in terms of the Prospectus
Application Supported by Blocked Amount/ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process
Base Issue	[●]
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment*" on page 479
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for registered brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt Application Circular
Collecting Registrar and Share Transfer Agents/CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular
Credit Rating Agency/CARE Ratings	For the present Issue, the credit rating agency being, Brickwork Ratings India Private Limited
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with the Prospectus. For further details, see "*Issue Structure*" on page 443
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated August 26, 2019 entered into between our Company and the Debenture Trustee
Debentures/NCDs	Secured, redeemable, non-convertible debentures issued pursuant to the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or Debenture Committee and notified to the Stock Exchange. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of

Term	Description
	Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable
Depositories Act	The Depositories Act, 1996
Depository(ies)	National Securities Depository Limited and/or Central Depository Services (India) Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of the Prospectus and the Public Issue Account Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated Stock Exchange/DSE/ Stock Exchange/ Exchange	BSE Limited
Draft Prospectus/ Draft Offer Document	The Draft Shelf Prospectus dated September 4, 2019 filed with the Stock Exchange for receiving public comments in accordance the Regulation 6 (2) of the SEBI Debt Regulations and to SEBI for record purpose
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act
Direct Online Application	The application made using an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange
Fugitive Economic Offender	Fugitive economic offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in the Prospectus. Please see "*Issue Structure – Interest and Payment of Interest*" on page 447

Term	Description
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 NCDs of face value INR 1,000 each for an amount aggregating up to INR 25,000 lakhs, with an option to retain over-subscription up to INR 25,000 lakhs, aggregating up to INR 50,000 lakhs, on the terms and in the manner set forth herein
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Size	Public issue by our Company of NCDs aggregating up to to INR 25,000 lakhs, with an option to retain over-subscription up to INR 25,000 lakhs, aggregating up to INR 50,000 lakhs
Lead Manager	SMC Capitals Limited
Market Lot	1 (one) NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs, trust including public/private charitable/religious trusts which are authorised to invest in the NCDs, association of persons, scientific and/or industrial research organisations, which are authorised to invest in the NCDs, partnership firms in the name of the partners, limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs
Prospectus	The Prospectus to be filed with the RoC in accordance with the SEBI Debt Regulations, containing inter alia the Coupon Rate for the NCDs and certain other information
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs on the Designated Date

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

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

Technical & Industry Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AUM	Asset Under Management
CRAR	Capital-To-Risk-Weighted Assets Ratio
DPN	Demand Promissory Note
EMI	Equated Monthly Instalments

Term	Description
FIR	First Information Report
IMF	International Monetary Fund
IND AS	Indian Accounting Standards
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
Gross NPAs/GNPAs	Aggregate of receivable from financing business considered as non-performing assets (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances) and non performing quoted and unquoted credit substitute forming part of stock in trade. Gross NPA is also referred to as GNPAs
Loan Book	Outstanding loans
LTV	Loan to value
Master Directions	RBI's Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
MSME	Micro, small, and medium enterprises
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and having total assets of ₹50,000 lakhs and above as per the last audited balance sheet
NOF	Net Owned Fund
NPA	Non-performing asset
Net NPAs	Gross NPAs less provisions for NPAs
SME	Small and medium enterprises
Tier I Capital/ Tier I	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital/ Tier II	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-

Term	Description
	banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I Capital
WGC	World Gold Council

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual general meeting
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Cr.P.C	Code of Criminal Procedure, 1973
Companies Act, 1956	The Companies Act, 1956 to the extent in force, repealed as of January 30, 2019
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India earlier known as Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DTH	Direct to home
DRR	Debenture redemption reserve
EGM	Extraordinary general meeting
EPS	Earnings per share
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Financial Year/FY/Fiscal	Financial year ending March 31
GDP	Gross domestic product
GoI	Government of India
G-Sec	Government securities
GST	Goods and services tax
HUF	Hindu undivided family
IRDAI	Insurance Regulatory and Development Authority of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian GAAP/IGAAP	Accounting Standards as per the Companies (Accounting standards) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act.
IGST Act	Integrated Goods and Services Tax Act, 2017
Indian GAAP	Generally Accepted Accounting Principles in India
Insurance Act	The Insurance Act, 1938
IT Act	The Income Tax Act, 1961
IT	Information technology

Term	Description
ISD	International subscriber dialling
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MIS	Management information system
MoU	Memorandum of understanding
NA	Not applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-institutional investor(s)
NIM	Net interest margin
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent account number
PDI	Perpetual debt instrument
Profit after Tax (PAT)	Profit for the year
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RM	Relationship manager
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI Debt Regulations/ Debt Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments
STD	Subscriber trunk dialling
TDS	Tax deducted at source
VOIP	Voice over internet protocol
WDM	Wholesale debt market

Notwithstanding anything contained herein, capitalised terms that have been defined in "*Regulations and Policies*", "*History and Certain Corporate Matters*", "*Statement of Tax Benefits*", "*Our Management*", "*Financial Indebtedness*", "*Outstanding Litigation and Defaults*" on pages 422, 91, 58, 101, 394 and 408will have the meaning ascribed to them in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATON

Certain Conventions

All references in the Draft Prospectus to "India" are to the Republic of India and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Prospectus are to the page numbers of this Draft Prospectus.

Presentation of Financial Information

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Prospectus are to a calendar year and references to a Fiscal/Fiscal Year/ FY are to the year ended on March 31, of that calendar year.

The Government of India has introduced the "Convergence of its existing standards with IFRS", Ind AS. Our Company is required to: (i) prepare its financial statements in accordance with Ind AS for periods beginning on or after April 1, 2018, and (ii) for the purposes of disclosure in this Draft Prospectus, prepare and present our financial statements for the latest Fiscals (in this case, for Fiscal 2019) under Ind AS and present our financial statements for the earlier four Fiscals (in this case, Fiscals 2018, 2017, 2016 and 2015) in accordance with Indian GAAP. Accordingly, our financial statements for Fiscals 2019 may not be comparable to our historical financial statements. See '*Risk Factors' – "We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for the financial year 2019 may not be comparable to our historical financial statements*" on page 35.

The Reformatted Financial Statements and the Audited Ind AS Financial Statements and the respective report on the Reformatted Financial Statements and the report on the Audited Ind AS Financial Statements, as issued by our Company's Statutory Auditors, M/s. Rangamani & Co, Chartred Accountants, are included in this Draft Prospectus in "*Financial Statements*" beginning at page 120.

The Audited Ind AS Financial Statements as at and for the year ended March 31, 2019, included in this Draft Prospectus, contain financial information as at and for the financial year ended March 31, 2018, solely for the purposes of compliance with the requirements of presentation of financial statements in accordance with applicable laws and accounting standards. In order to review the financial performance and results of operations of the Company as at and for the year ended March 31, 2018, the investors should rely on the Reformatted Financial Statements, which are prepared as per Indian GAAP.

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

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. The methodologies and assumptions may vary widely among different industry sources. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. We have relied on the IMACS Industry Report 2018 for industry related data that has been disclosed in this Draft Prospectus. Accordingly, no investment decision should be made solely on the basis of such information.

While we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Manager has independently verified this data and neither we nor the Lead Manager make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Manager can assure potential investors as to their accuracy.

Financial Data

Except where stated otherwise in this Draft Prospectus, all figures have been expressed in 'Lakhs'. All references to 'lakhs/Lakhs/Lacs/Lac' refer to one lakh, which is equivalent to 'one hundred thousand' and 'Crore' means 'hundred lakhs'.

Unless otherwise stated all figures pertaining to the financial information in connection with the Company are on an unconsolidated basis.

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

Currency and Unit of Presentation

In the Draft Prospectus, references to '₹', "Indian Rupees", "INR", "₹ " and 'Rupees' are to the legal currency of India. Except as stated expressly, for the purposes of this Draft Prospectus, data will be given in ₹in lakhs.

Certain figures contained in this Draft 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.

India has decided to adopt the "Convergence of its existing standards with IFRS" referred to as the "Indian Accounting Standards" or "Ind AS". In terms of a notification released by the MCA, our Company is required to prepare its financial statements in accordance with Ind AS for accounting periods beginning on April 1, 2018. Accordingly, our financial statements for year ended March 31, 2019 prepared under Ind AS, may not be comparable.

There are significant differences between Indian GAAP and Ind AS. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Industry and Market Data

Any industry and market data used in the Draft Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which the Company competes. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us or its accuracy and completeness is not guaranteed, and its reliability cannot be assured. Although the Company believes the industry and market data used in the Draft Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in the Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different market and industry sources.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Prospectus that are not historical facts. All statements contained in this Draft Prospectus that are not statements of historical fact constitute "forward-looking statements" and are not forecasts or projections relating to our Company's financial performance.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of the Company include, among others:

- General economic and business conditions in India and globally;
- Ability to effectively manage our growth or successfully implement business plans and growth strategies;
- Ability to compete effectively and access funds at competitive costs;
- Ability to control or reduce the level of non-performing assets in our portfolio;
- Changes in the value of Rupee and other currency changes;
- Unanticipated turbulence in interest rates, gold prices, global bullion prices or other rates or prices;
- Availability of funds and willingness of the lenders of the Company to lend;
- Changes in political conditions in India;
- The rate of growth of the loan assets of the Company;
- The outcome of any legal or regulatory proceedings the Company is or may become a party to;
- Changes in Indian laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact lending rates and the Companys' ability to enforce our collateral;
- Competition from existing as well as new competitors;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations; and
- Other factors discussed in the Draft Prospectus, including under the section titled "*Risk Factors*" on page 17.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in *"Our Business", "Risk Factors"* and *"Outstanding Litigations and Defaults"* on pages 73, 17 and 408, respectively. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Draft Prospectus, our Company cannot assure investors that such expectations will prove to be correct. 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 underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors and its officers, nor any of their respective affiliates or associates, Lead Manager nor any of its Directors and its officers have 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 the SEBI Debt Regulations, our Company, the Lead Manager will ensure that investors in India are informed of material developments between the date of filing the Draft Prospectus with the RoC and the date of the Allotment.

SECTION II : RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in the Draft Prospectus including the chapters "Our Business" on page 73 and "Financial Statements" on page 120, before making an investment in the NCDs. Additional risks and uncertainties not known to the Company or that the Company currently believes to be immaterial may also have an adverse effect on its business, prospects, results of operations and financial condition. If any of the following or any other risks actually occur, the Company's business, prospects, results of operations and financial condition could be adversely affected and the price and value of your investment in the NCDs could decline such that you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

You should not invest in the Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your own tax, financial and legal advisors about the particular consequences of an investment in the NCDs.

Unless otherwise stated, financial information used in this section is derived from the Financial Statements.

INTERNAL RISK FACTORS

Risks relating to the Company and its Business

1. ***The Company's credit profile may take an impact because of real estate property acquisition, since such acquisitions brings real estate sector risks.***

   Muthoot Estate Investment (MEI) one of the Group firms, prior to March 29, 2012, had accepted public deposits, under the *bona fide* belief that partnership firms can accept deposits for legitimate non lending business purposes. MEI had used MFL branch premises in certain places, to accept such deposits. However, RBI, vide its notice dated March 29, 2012, had declared that the acceptance of such deposits using MFL premises are prohibited as per the terms of Section 45S of RBI Act. Further, the RBI had also issued a notice to the Company on May 18, 2012, directing the Company to show cause as to why its certificate of registration (NBFC) should not be cancelled. MEI, vide its letter dated April 18, 2012 informed RBI that it had stopped accepting deposits from the public, and would repay the deposits accepted completely in 10 years with effect from April 1, 2012, as the funds have been invested in long-term real estate projects. The Company had also replied to the communications issued by RBI in similar lines.

   As the sale and / or disposal of the real estate assets of MEI for purpose of repaying the deposits , was taking considerable time, the Company , under intimation to RBI , has purchased certain assets of MEI group companies, promoters so that MEI could utilize the said amounts for repaying the deposits and at the same time, the Company can use the said assets for real estate development business. Accordingly, the proceeds from such sale was utilized by MEI to repay the public deposits and the matter related to MEI deposits stands closed and consequently, the show cause notice dated April 18, 2012 was dropped by RBI *vide* its letter dated September 4, 2018.

   The Company continues to own or propose to own certain real estate assets. In case the Company could not able to monetize these assets in reasonable time period it will have impact on the liquidity position as well as credit rating of the Company thereby could affect its profitability.

2. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

   Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to cost effective sources of funding. Our funding requirements historically have been met through a combination of borrowings such as working capital limits from banks, issuance of commercial paper, non-convertible debentures issuance through public issues and on private placement basis.

Our ability to raise funds, on acceptable terms and at competitive rates, continues to depend on various factors including our credit ratings, financial performance & growth prospects of our Company, the macro economic factors including regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for securities of NBFCs. Our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

Recently, there has been a rise in borrowing cost and difficulty in accessing debt in a cost-effective manner. During FY 2019, Indian economy witnessed defaults of debt repayments by large NBFC players. Such events heightened the investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to crunch in liquidity available to certain NBFCs. Re-occurrence of similar events may affect the market sentiment towards NBFC sector and as a whole may affect the borrowing capability of our Company adversely.

According to RBI Master Circular on Bank Finance to Non Banking Financial Companies, 2015, as amended, bank's exposure (both lending and investment, including off balance sheet) to a single NBFC which is predominantly engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of their financial assets), cannot exceed 7.5% of banks' capital funds and have an internal sub-limit on their aggregate exposure to all NBFCs having gold loans to the extent of 50% or more of their total financial assets, taken together. This sub-limit is within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together. This limits the exposure that banks may have on NBFCs such as us, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

We also face significant maturities of our debt each year. Out of the total outstanding debt, the Company has, as on June 30, 2019, an amount of ₹1,09,873 lakhs will mature during the next 12 months months other than the regular rollover and renewal credit facilities. In order to retire to the short term credit facilities, the company will need to refinance the debt. In the case of tight credit market, the company will face difficulty to renew the cash credit facilities and get sanction of new credit facilities to retire the short term facilities.

3. ***Any instructions by RBI or other regulatory authority in India directing the Company to stop the use of its premises/ branches or officials for the operations of its Group entities could materially and adversely affect our business and impact our future financial performance.***

We have entered into various agreements with our Group Entities for letting our Company's branches/premises or officials to be used for the business operations of our Group entities. For further information, please see sections titled "*Our Business*" and "*History and Certain Corporate Matters*" on pages 73 and 91 respectively. In the event of any directions/circulars/notice being issued by RBI or other Regulatory Authority in India, restricting the usage of Company's branches/premises or officials for business operations of group entities, it may have an adverse effect on the business and financial conditions of the Company.

4. ***Our financial performance is particularly 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.***

The results of our operations are substantially dependent upon the level of our net interest margins. Interest rates are sensitive to many factors beyond our control, including RBI's monetary policies, domestic and international economic and political conditions and other factors. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

Income from our financing activities is the largest component of our total income and constituted 97.03% and 94.15% of our total income on a standalone basis derived from financial statement prepared as per Indian GAAP for Fiscal 2017 and Fiscal 2018 and respectively. As of March 31, 2019, income from financing activities constituted 91.67% of our total income on a standalone basis derived from financial statement prepared as per Ind AS. As of March 31, 2019, the total secured borrowings utilised by the Company aggregated to ₹ 8,50,479 lakhs including securitization of ₹ 31,934 lakhs (pass through certification) and unsecured borrowings utilised by the Company aggregated to ₹ 2,73,029 lakhs

We provide loan at a fixed rate of Interest while we borrow funds on both fixed and floating rates. Our borrowings, such as our secured non-convertible redeemable debentures, subordinated debt and term loans from Financial institutions carry fixed rates of interest while the borrowings from banks are linked to the respective banks' MCLR rates. As of June 30, 2019, 22.69% of our borrowings were at fixed rates of interest, comprising primarily of our secured and unsecured (subordinated debt) non-convertible redeemable debentures (which constituted 22.69% of our total borrowings). We cannot assure you that we will be able to adequately manage our interest rate risk in the future and be able to effectively balance the proportion of our fixed rate loan assets and fixed rate liabilities in the future. 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 borrow funds on both fixed and floating rates. Volatility in interest rates can materially and adversely affect our financial performance. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Additional risks arising from increasing interest rates, among others, include:

- increases in the rates of interest charged on our loans and other secured/ unsecured loans, which could result in the extension of loan maturities and higher monthly installments due from borrowers which, in turn, could result in higher rates of default;
- reductions in the volume of our loans as a result of clients' inability to service high interest rate payments; and
- reduction in the value of fixed income securities held in our investment portfolio.

There can be no assurance 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.

5. ***The Company is involved in certain legal proceedings for non-registration under certain State legislations in India relating to "money lending" activities. Any unfavorable outcome in such proceedings and the imposition of any additional restrictive statutory and/or regulatory requirements may adversely affect our goodwill, business prospects and results of operations.***

The Company has filed an appeal before the Supreme Court of India against an order dated November 18, 2009, passed by the division bench of the High Court of Kerala. The Company had filed a writ petition in the High Court of Kerala challenging the order of the Commissioner of Commercial Taxes, Kerala, which directs our Company to register under the provisions of the Kerala Money Lenders Act, 1946, as amended ("**KMLA**"). The division bench of the High Court of Kerala dismissed the appeal against the order passed by the single judge of the High Court of Kerala in connection with the writ petition, thereby, confirming the impugned order passed by the Commissioner of Commercial Taxes, Kerala. The Supreme Court has granted an interim stay against the order passed by the division bench of the High Court of Kerala until final disposal of the appeal in the Supreme Court. The matter is currently pending for the final hearing. There can be no assurance that these proceedings will not be determined adversely against us or that penal or other action will not be taken against our Company and/or any senior management party to such proceedings. In the event of an adverse ruling in these proceedings, our Company may be required to register as a money lending entity under the provisions of the KMLA in order to carry on its financing business and will be required to comply with the provisions of such legislation with respect to its business operations within Kerala. There can also be no assurance that in the event of such an adverse ruling, similar regulatory authorities in other States of India, where we currently carry on business or propose to carry on business in the future, will not require us to register as a money lending entity under, and comply with the provisions of the respective State legislation in relation to money lending activities. State legislation may specify various terms and conditions that must be complied with in connection with money lending activities, including the imposition of a ceiling on the maximum interest rate that can be charged. If we are required to comply with such a ceiling on interest rate or other restrictive provisions specified under such legislation, our interest income and net interest margin may be adversely impacted. For further information relating to such proceedings, see "*Outstanding Litigation and Defaults*" on page 408.

6. ***The Company has been subject to RBI inspections and any adverse action taken could affect the business and operations of the Company.***

As an NBFC, we are subject to periodic inspection by RBI under section 45N of the RBI Act, pursuant to which RBI inspect our books of accounts and other records for the purpose of verifying compliance with applicable regulations, the correctness or completeness of any statement, information or particulars furnished to RBI. RBI in the past has issued observations pursuant to such periodic inspection and our Company had given clarifications in this regard. While we have responded to such observations and addressed them, we cannot assure you that RBI will not make similar or other observations in the future. In the event we are unable to resolve the issues to RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by RBI, we could be subject to penalties and restrictions which may be imposed by RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

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

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. We have been assigned CRISILA (Stable)/and "CARE A-" (Stable) rating by CRISIL and CARE for our bank facilities, "CRISIL A/Stable" rating by CRISIL for our various non-convertible debt instruments including subordinated debt, CRISIL BBB+ for ₹14,400 lakh Perpetual Debt Rating and a "CRISIL A1" rating for our short term debt programme. Brickworks has assigned a "BWR A" rating for our ₹26,400 lakh perpetual debt instruments and BWRA A1+ for short term debt programme.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. For instance, CRISIL had on November 18, 2016, downgraded its ratings on the bank facilities and debt instruments of the Company to 'CRISIL A-/Stable/CRISIL A1' from 'CRISIL A/Stable/CRISIL A1''. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations. The financial and risk profiles of one or more of our Group entities may also result in a downgrade of our credit ratings. For further details, see "***Annexure A – Credit Rating***".

8. ***If we are unable to manage the level of NPAs in our gold loans and other loans, our financial position and results of operations may suffer.***

Our Stage 3 assets as a percentage of total loan assets were at 2.62% and our Stage 3 assets net of Provisions were at 1.17% of total loan assets of the Company as of March 31, 2019 on a standalone basis as per Ind As. Our Gross NPAs as a percentage of total loan assets as per IGAAP was 1.90% and 1.58%, as of March 31, 2018 and 2017, respectively. Our Net NPAs as a percentage of total loan assets as per Indian GAAP was 1.45% and 1.14% as of March 31, 2018 and 2017 respectively.

The Master Directions prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets. Furthermore, although we believe that our total provision will be adequate to cover all known losses in our asset portfolio, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions.

Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or otherwise, or that the percentage of nonperforming assets that we will be able to recover will be similar to our past experience of recoveries of nonperforming assets. In the event of any further increase in our non-performing asset portfolio, there could be an even greater, adverse impact on our results of operations.

9. ***High levels of customer defaults could adversely affect our business, financial condition and results of operations.***

Our primary business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted if the auction proceeds of the defaulted accounts could not meet the principal and interest amount.

Further, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about the creditworthiness of our customers. It is therefore difficult to carry out precise credit risk analyses on our clients. Although we follow certain KYC procedures at the time of sanctioning a loan, we generally rely on the quality of the gold jewellery provided as collateral rather than on a stringent analysis of the credit profile of our clients. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition and/or cash flows.

10. We may not be able to recover the full loan amount, and the value of the collateral may not be sufficient to cover the outstanding amounts due under defaulted loans. Failure to recover the value of the collateral could expose us to a potential loss, thereby adversely affect our financial condition and results of operations.

We extend loans secured by gold jewellery provided as collateral by the customer. An economic downturn or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewellery securing the loans may decrease significantly in value, resulting in losses which we may not be able to support. Although we use a technology-based risk management system 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 predetermined loan closure call thresholds, no assurance can be given that if the price of gold decreases significantly, our financial condition and results of operations would not be adversely affected. The impact on our financial position and results of operations of a hypothetical decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

Additionally, we may not be able to realise the full value of our collateral, due to, among other things, defects in the quality of gold or wastage on melting gold jewellery into gold bars though the adequate systems in place like periodical verification of the pledged jewellery by the gold inspectors and employing well trained staff and large segment of the borrowers being repeat customers. In case of a default, we typically sell the collateral gold jewellery through auctions primarily to jewelers however there can be no assurance that we will be able to sell such gold jewellery at prices sufficient to cover the amounts under default. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

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

11. Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire.

As of June 30, 2019, the total secured borrowings utilised by the Company aggregated to ₹8,15,713.95 lakhs and unsecured borrowings utilised by our Company aggregated to ₹2,71,807.26 lakhs and we will continue to incur additional indebtedness in the future. Most of our borrowings are secured by hypothecation of current assets/loan receivables. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;
- fluctuations in market interest rates may affect the cost of our borrowings as some of our indebtedness are at variable interest rates;
- there could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic downturns, we may be limited in our ability to withstand competitive pressures and we may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Moreover, certain loans may be recalled by our lenders at any time. If any of these lenders affect our business and operations, some of which we are currently in breach of or have breached in the past.

12. ***Some of our financial arrangements contain restrictive covenants that may adversely affect our business and operations, some which we are currently in breach of or have breached in the past*.**

Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge; and raising funds by way of any fresh capital issue. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

Further, the financing arrangements that we have entered into with certain banks and financial institutions and terms and conditions for issue of non-convertible debentures issued by us contain restrictive covenants, which among other things require us to obtain prior permission of such banks, financial institutions or debenture trustees or to inform them with respect to various activities, including, alteration of our capital structure, changes in management, raising of fresh capital or debt, payment of dividend, revaluation or sale of our assets, undertaking new projects, creating subsidiaries, change in accounting policies, or invest by way of share capital or lend to other companies, undertaking guarantee obligations on behalf of other companies, and creation of further charge on fixed assets. Additionally, certain loan agreements require us to meet and maintain prescribed financial ratios. Further, under these loan agreements during the subsistence of the facilities, certain lenders have a right to appoint nominee directors on our Board from time to time. Furthermore, some of our financing arrangements contain cross default provisions which could automatically trigger defaults under other financing arrangements, in turn magnifying the effect of an individual default. Although we attempt to maintain compliance with our covenants or obtain prospective waivers where possible, we cannot assure you that we will be continuously compliant.

We have breached certain such covenants in the past and may continue to be inadvertently in technical breach of, certain covenants under these loan agreements and other financing arrangements. For example, our Company had delayed the payment of interest on its rated non-convertible debentures (NCD) by three working days. The delay was one off event due to an inadvertent operational error. The interest payment of ₹4.80 lakhs was due on August 2, 2018, but payment to investors was made on August 7, 2018.While we are not aware of any such breaches, and although no bank or financial institution has issued a notice of default to us, if we are held to be in breach of any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs, and because of such defaults we may be unable to find additional sources of financing. If any of these events were to occur, it would likely result in a material adverse effect on our financial condition and results of operations or even our ability to continue as a going concern. A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition and results of operations. Moreover, any such action initiated by our lenders could result in the price of our NCDs being adversely affected.

13. ***Our entire customer base comprises of individuals, small traders and business operators, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers. Any decline in the repayment capabilities of our borrowers, may result in increase in default thereby adversely affecting our business and financial condition.***

Individual and small enterprise segment borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to medium income group and/or the small enterprises finance sector who may be more likely to be affected by declining economic conditions than large corporate houses.

Any decline in in the economic conditions may impact the repayment capabilities of our borrowers, which may result in increase in defaults, thereby adversely affecting our business and financial conditions.

14. ***We face difficulties in carrying out credit risk analyses on our customers, most of whom are individual borrowers, which could have a material and adverse effect on our results of operations and financial condition.***

Unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment from the low to medium income group who typically have limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies for non gold loans particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

15. ***Since we handle high volumes of cash and gold jewellery in a dispersed network of branches, we are exposed to operational risks, including employee negligence, fraud, petty theft, burglary and embezzlement, which could harm our results of operations and financial position.***

As of June 30, 2019, we held cash balance of ₹32,376 lakhs and gold jewellery of 47.97 tons. Our gold loan transactions involve handling significant volumes of cash and gold jewellery at our branch offices. Large cash and gold jewellery transactions expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sometimes, sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. For the three months period ended June 30, 2019, please see below details:

For the three months period ended June 30, 2019				Figures in lakhs
	No. of cases	**Amount**	**No of cases after recovery**	**Amount after recovery**
Internal Fraud	0	0	0	0
Spurious	1	7.24	0	7.24
Theft	16	33.40	0	33.40
Total	**17**	**40.64**	**0**	**40.64**

Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. The nature and size of the items provided as collateral allow these items to be misplaced or misdelivered, which may have a negative impact on our operations and result in losses.

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

Our portfolio of outstanding gross loans under management was ₹12,08,838 lakhs as on March 31, 2019 on a standalone basis as per Ind AS. Our portfolio of outstanding gross loans under management was ₹11,44,461 lakhs and ₹10,34,728 as on March 31, 2018 and 2017 respectively on a standalone basis as per IGAAP. For the period ended March 31, 2019, our Company held 48.85 tonnes of gold jewellery respectively, as security for all gold loans Our capital adequacy ratio as of March 31, 2019 computed on the basis of applicable RBI requirements was 21.95%, compared to RBI's stipulated minimum requirement of 15%, with Tier I Capital comprising 14.63%.

Our Gross NPAs were at 1.90% and 1.58% of the total loan assets of the Company for Fiscal 2018 and Fiscal 2017 respectively on standalone basis as per IGAAP and our Net NPAs were at 1.45% and 1.14% of total loan assets of the Company for Fiscal 2018 and Fiscal 2017, respectively on standalone basis as per IGAAP. Our Stage 3 Assets to the total loan assets of the Company were at 2.62% and Stage 3 assets net of provisions to the total loan assets of the Company were at 1.17% on standalone basis as per Ind AS as of March 31, 2019.

Our growth strategy includes growing our loan book, expanding our customer base and expanding our branch network. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio or grow the levels of net profit earned in recent years. Furthermore, there may not be sufficient demand for such products, or they may not generate sufficient revenues relative to the costs associated with offering such products and services. Even if we were able to introduce new products and services successfully, there can be no assurance that we will be able to achieve our intended return on such investments. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face a number of operational risks in executing our growth strategy. We have experienced rapid growth in our gold loan business and our branch network also has expanded significantly, and we are entering into new, smaller towns and cities within India as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks, including business risks, such as the possibility that a number of our impaired loans may grow faster than anticipated, as well as operational risks, fraud risks and regulatory and legal risks. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. Particularly, we are significantly dependent upon a core management team who oversee the day-to-day operations, strategy and growth of our businesses. If one or more members of our core management team were 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. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

17. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline.***

Our principal business is the provision of personal loans to retail customers in India secured by gold jewellery as collateral. Historically, the gold loan industry in India has been largely unorganised and dominated by local jewellery pawn shops and money lenders, with very few public sector and old generation private sector banks focusing on this sector. Attractive interest rates relative to risk together with increased demand for access to capital from middle income group, previously utilised predominantly by lower income group customers with limited access to other forms of borrowings, have increased our exposure to competition. The demand for gold loan s has also increased due to relatively affordable interest rates, increased need for urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of gold loan s as a source of quick access to funds.

All of these factors have resulted in increased competition from other lenders in the gold loan industry, including commercial banks and other NBFCs. Unlike commercial banks or deposit taking NBFCs, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher-cost term loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks or deposit-taking NBFCs will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the gold loan industry, our business, future financial performance and the trading price of the NCDs and Equity Shares may be adversely affected.

We operate in largely un-tapped markets in various regions in India where banks operate actively in the gold loan business. We compete with pawnshops and financial institutions, such as consumer finance companies. Other lenders may lend money on unsecured basis, at interest rates that may be lower than our service charges and on other terms that may be more favorable than ours.

Furthermore, as a result of increased competition in the gold loan industry, gold loans are becoming increasingly standardised and variable interest rate and payment terms and waiver of processing fees are becoming increasingly common in the gold loan industry in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive gold loans industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

18. ***We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches which may affect our business prospects, financial condition and result of operations.***

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other traditional gold loan NBFCs, banks and financial institutions but also the local unorganized or semi-organized private financiers and pawn brokers, who are more familiar with local traditions, regulations, business practices and customs and have stronger relationships with customers.

As a part of our growth strategy, we propose to increase our network of branches across the country and reach out to newer markets while strengthening our position in our existing markets with respect to the core gold loans business. Such branches will only be opened after multiple rounds of market evaluation, customer research and launching branches in close proximity to high customer activity areas. These branches are proposed to service the needs of our customers for all our Company’s products.

Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local businesses and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

19. ***A majority of our branches are located in southern India, and any disruption or downturn in the economy in the states in India where we operate, or any change in consumer preferences in that region could adversely affect our results of operations and financial condition.***

We have a strong concentration of our business in south India with 2,771 out of our 3,552 branches as on June 30, 2019, located in the southern states of Kerala (827 branches), Tamil Nadu (807branches), Andhra Pradesh (316 branches), Telangana (264branches), Goa (11 branches) and Karnataka (546 branches). Further, approximately 70.88 % of our gold loan portfolio as on June 30, 2019, is concentrated in the aforementioned states. Any adverse change in the political and/or economic environment in the states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Goa and Karnataka or any unfavourable changes in the regulatory and policy regime in the said region could adversely affect our business operations, financial condition and/or profitability. Our concentration in southern India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have diversified national presence. Further, any changes in customer preferences in the said region could also affect our operations and profitability. If there is sustained downturn in the economy of southern India, our financial position may be adversely affected.

20. ***New product/services offered by us may not be successful.***

We introduce new products/services to explore new business opportunities from time to time. We cannot assure you that all our new products/services and/or business ventures will gain customer acceptance, and this may result in our inability to recover incurred pre-operative expenses and launch costs. Further, our inability to grow in new business areas could adversely affect our business and financial performance.

21. ***We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads.***

Our business involves a large volume of small-ticket size loans and requires manual operational support. Hence, we require dedicated staff for providing our services. In order to grow our portfolio, our expanded operations will also increase our manpower requirements and push up operational costs. Our growth will also require a relatively higher gross spread, or margin, on the consumer lending products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our consumer lending products were to reduce substantially, which could adversely affect our results of operations.

22. ***Majority of our loan portfolio is not classified as priority sector advances by RBI. Further, any RBI regulations making our gold loans ineligible for securitization, will result in higher cost of funds.***

RBI prudential norms for banks require domestic commercial banks operating in India to maintain an aggregate 40% (32% for foreign banks) of their adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as "priority sector advances". These include advances to agriculture, small enterprises, exports and similar sectors where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically, have relied on specialised institutions like our Company that are better positioned to or focus on originating such assets through on-lending or purchase of assets or securitised pools to comply with these targets.

The gold loan borrowers have the option to pay the interest regularly to have the concessionary interest rate and have the option to part /fully pay the principal. However, small segment of the borrowers follow this. Compared to the total gold loan portfolio, a small portion meets the eligible criteria for securitization/ assignment norms holding period and seasoning thereby restricting our Company's ability to raise fund by assignment /securitization. The recent RBI circular provides priority sector tag to bank lending to NBFCs who lend for MSME/SME and term lending to agriculture. The exact quantum of available fund under this is yet to be assessed

23. ***A decline in our capital adequacy ratio could restrict our future business growth.***

All non-deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II Capital of not less than 15% of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. Further, RBI has introduced minimum Tier I Capital requirement of 12% to be effective from April 1, 2014 for NBFCs primarily for whom loans against gold jewellery comprise more than 50% of their financial assets, including us. Our capital adequacy ratio as of March 31, 2019 computed on the basis of applicable RBI requirements was 21.95%, compared to the RBI stipulated minimum requirement of 15%, with Tier I Capital comprising 14.63%%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II Capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all and this may adversely affect the growth of our business. Failure to maintain adequate capital adequacy ratio or Tier I Capital may adversely affect the growth of our business. Further, any regulatory change in capital adequacy requirements imposed by the RBI may have an adverse effect on our results of operation.

24. ***If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.***

We have taken steps to enhance our internal controls commensurate to the size of our business, primarily through the formation of a designated branch audit and inspection team. However, certain matters such as fraud and embezzlement cannot be eliminated entirely given the cash nature of our business. While we expect to remedy such issues, we cannot assure you that we will be able to do so in a timely manner, which could impair our ability to accurately and timely report our financial position, results of operations or cash flows.

25. ***A significant proportion of the gold loans we offer are due within six to nine months of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

Our Express Gold loan and GL EMI, loan products which represented 87.54% of our total loan portfolio (AUM) as on March 31, 2019 are generally due within six /nine /twelve months of disbursement. The relatively short-term nature of such Gold loans (i) may lead to a positive mismatch in the asset liability position of our Company in the short term , since a portion of our borrowings are typically for longer duration negative mismatch in the long term but cumulatively positive mismatch and/or (ii) affect ability to ascertain steady long terms revenues. In addition, our existing customers may not obtain new gold loans from us upon maturity of their existing gold loans, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

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

Our business is largely dependent on our ability to process a large number of transactions on a daily basis. Significantly, all our branches are required to send records of transactions, at the end of every working day, to a central system for consolidation of branch data. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security.

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

27. We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, each of our products differs in terms of the average tenor, average yield, average interest rates and average size of loan. The average tenor of our products is lesser than the average tenor of our liabilities. Typically, the average maturity profile of our Company's lending portfolio is 4-5 months to 1 year whereas the liabilities are of a longer term. Consequently, since our assets are of short term and liabilities are of long term nature, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to liquidation/ non building of assets of our assets, which in turn may adversely affect our operations and financial performance. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers. Such prepayment of the financing facility, if further assets are not built up may affect the financial performance

28. Any disassociation of our Company from "Muthoot Pappachan Group" could adversely affect our operations and profitability.

Our Promoters along with their immediate relatives collectively hold 99.69% of our paid-up Equity Share capital as on the date of this Draft Prospectus. If our Promoters cease to exercise control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name "Muthoot Fincorp" and "Muthoot Pappachan" brand names and our goodwill as a part of the "Muthoot Pappachan" Group may be adversely affected, which in turn could adversely affect our business and results of operations. Any such change of control could also significantly influence our business policies and operations.

We benefit in several ways from other entities under the "Muthoot Pappachan" Group. Our customer base over the years has comprised of customers of other entities in the Muthoot Pappachan Group, such as customers of Muthoot Capital Services Limited and MHFCL. Accordingly, any disassociation of our Company from the Muthoot Pappachan Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

29. The trademark/service mark and logo in connection with the "Muthoot Pappachan" brand and the "Muthoot Fincorp" logo are pending registration in various classes including classes which pertain to our Company's business. Our failure to protect our intellectual property may adversely affect our goodwill, operations and profitability.

The trademark/service mark and logo in connection with the "Muthoot Pappachan" brand and the "Muthoot Fincorp" logo are pending registration in various classes including classes which pertain to our Company's business. Our Promoters have applied for but not obtained registrations in connection with protection of the aforesaid trademarks and logos. There can be no assurance that our Promoters would be able to obtain registrations of the aforesaid logos and trademarks under each or all of the classes. Once such trademarks and/or logos are registered we intend to enter into an agreement with our Promoters for the use of such logos and/or trademarks. There can be no assurance that we would be able to enter into such agreement(s) with our Promoters on terms which are commercially favourable to us, or at all. Further, if the commercial terms and conditions including the consideration payable pursuant to the said agreement are revised unfavorably, our Company may be required to allocate larger portions of its profits and/or revenues towards such consideration, which would adversely affect our profitability.

Any failure to protect our intellectual property rights may adversely affect our competitive business position. If any of our unregistered trademarks or proprietary rights are registered by a third party, we may not be able to make use of such trademark or propriety rights in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with our Company. Until such time that we have rights in connections with registered trademarks, we can only seek relief against "passing off" by other entities. Accordingly, we may be required to invest significant resources in developing a new brand. Further, the intellectual property protection obtained by us may be inadequate and/or we may be unable to detect any unauthorised use and/or that we may need to undertake expensive and time-consuming litigation to protect our intellectual property rights and this may have an adverse effect on our business, prospects, results of operations and financial condition. We operate in a competitive environment and we believe that our brand recognition is a significant competitive advantage to us. Any such failure to protect our intellectual property rights could require us to incur additional costs and may adversely impact our goodwill, business prospects and results of operations. For further information, please see "*Outstanding Litigation and Defaults*" on page 408.

30. ***We do not own most of our branch offices and our registered office. Any failure on our part to execute and/or renew leave and license agreements and/or lease deeds in connection with such offices or failure to locate alternative offices in case of termination of the leases and/or leave and license arrangements in connection with any branch could adversely affect our operations and profitability.***

Our Registered Office and most of our branches are located on leased and/or licensed premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempt to evict us or seek to renew an agreement on terms and conditions unfavorable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations. Further, most of our lease agreements with respect to our immovable properties may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered as inadmissible as evidence in a court in India, may not be authenticated by any public officer, or attract penalty as prescribed under applicable law, which impact our ability to enforce these agreements effectively, which may result in a material adverse effect on the continuance of the operations and business of our Company.

31. ***We have certain contingent liabilities which may adversely affect our financial condition if they materialise.***

As on March 31, 2019, our financial statements disclosed and reflected the following contingent liabilities:

Contingent Liabilities (to the extent not provided for)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debt			
(i) Income Tax Demands	6,065.85	6,065.85	6,065.85
(ii) Service Tax Demands	3,600.86	3,600.86	3,023.17
(iii) Value Added Tax Demands	2,294.21	1,432.69	1,432.69
(iv) Bank Guarantees	204.50	208.57	276.30
(vi) Cash Margin on Securitisation	3891.32	-	-
(vi) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.			

For further information on such contingent liabilities, please see *"Financial Statements" on page 120*. In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

32. ***We and some of our Directors and Promoters are involved in various legal and other proceedings that if determined against us could have a material adverse effect on our business, financial condition and results of operations.***

We and some of our Directors and Promoters are currently involved in a number of legal proceedings arising in the ordinary course of our business. These proceedings are pending at different levels of adjudication before various courts and tribunals, primarily relating to civil suits and tax disputes. For further information relating to certain significant legal proceedings that we are involved in, please see "*Outstanding Litigation and Defaults*" on page 408.

We cannot provide any assurance in relation to the outcome of these proceedings. An adverse decision in these proceedings could materially and adversely affect our business, financial condition and results of operations. Further, there is no assurance that similar proceedings will not be initiated against us in the future.

33. We are required to comply with strict regulations and guidelines issued by regulatory authorities in India. Any noncompliance with such regulations/guidelines many affect our status of operations.

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector.

Compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. Our present operations may not meet all regulatory requirements or subsequent regulatory amendments. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

For instance, pursuant to RBI guidelines and based on the recommendations of the K.U.B Rao Committee, NBFCs are required to be more transparent to the borrower and bring standardization in valuation. Consequently, gold jewellery accepted as collateral shall have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by The Bombay Bullion Association Limited ("**BBA**") or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. The Loan to Value ratio remain at 75%. While accepting the gold as collateral, NBFCs are required to give in writing to the borrower, on their letter head giving the purity (in terms of carats) and weight of the gold. If the gold is of purity less than 22 carats, the NBFC should translate the collateral into 22 carat and state the exact grams of the collateral. High value loans of ₹2 lakh and above must only be disbursed by cheque. Further, NBFCs have also been prohibited from issuing advertisements claiming the availability of loans in a matter of 2-3 minutes. Consequently, these guidelines could have an adverse effect on our results of operation and financial condition. For further information pertaining to the aforesaid guidelines, please see "*Regulations and Policies*" on page 422**.**

Further, existing NBFCs having more than 1,000 branches shall have to approach the RBI for prior approval for any further branch expansion.

34. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries. Inability to effectively manage our risk management systems can adversely affect our business, financial condition and results of operation.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and gold loan sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards and any failure to do so can adversely affect our business, financial condition and results of operation.

35. ***We have entered into certain related party transactions and may continue to do so in the future.***

We have entered into transactions with related parties, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006 including our Promoters, Directors and related entities. We can give no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further information on our related party transactions please see "*Financial Statements"* on page 120. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favor.

36. ***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives and gold assessment technical personnel. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. In addition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to deploy and retain our employees to keep pace with continuing changes in technology, evolving standards and changing customer preferences. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

37. ***Our results of operations could be adversely affected by any disputes with our employees.***

As of June 30, 2019, we employed 16,923 employees including 356 contracted experts in our operations. Currently, none of our employees are members of any labor union. While we believe that we maintain good relationships with our employees, there can be no assurance 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.

38. ***Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.***

We require certain statutory and/or regulatory permits and approvals for our business.

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

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

39. ***We are subject to supervision and regulation by RBI as a non-deposit-taking systemically important NBFC, and any adverse changes in RBI's regulations governing us could adversely affect our business.***

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector. We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost, impose restrictions on banks in relation to the exposure to NBFCs or could otherwise adversely affect our business and our financial performance. The RBI, from time to time, amends the regulatory framework governing NBFCs to address, among others, concerns arising from certain divergent regulatory requirements for banks and NBFCs. For further information relating to the regulations and guidelines applicable to us, see "Regulation and Policies". The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, securitisation, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing our Company and its operations will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

In the ordinary course of business, loan borrowers of the Company have directly deposited cash as part of their loan repayments in the collection bank accounts of the Company with various bank aggregating to ₹ 60,639.52 lakhs during the period November 9, 2016 to December 30, 2016 the denomination wise details of which are not available with the company and hence the same could not be disclosed in the financial statements, standalone and consolidated of the Company for the year ended and as at March 31, 2017. This was also pointed in the report on other regulatory requirements by auditors of the Company forming part of their report to the members of the Company dated April 27, 2017 on the said financial statements reporting that they were not made available sufficient and appropriate audit evidence to report on the matter of denomination wise detail of such deposit of specified bank notes. Although the Company believes that action or omission, if any, in this regard was in pursuit of our business and in the interest of its stakeholders, there is no assurance that the same will be accepted by the concerned regulators and authorities. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to strictures or penalties in this regard by the regulatory authorities.

40. ***Our insurance coverage may not adequately protect us against potential losses. Any liability in excess of our insurance claim could have a material adverse effect on our results of operations and financial***

position.

We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies including premium increases or the imposition of a larger deductible or co-insurance requirement could adversely affect our business, financial condition and results of operations.
We maintain insurance cover for our free hold real estate and tangible properties and infrastructure at all owned and leased premises which provide insurance cover against loss or damage by fire, earthquake, lightning, riot, strike, storm, flood, explosion, aircraft damage, rock-slide and missile testing. Further we maintain insurance cover for employee fidelity, cash and gold in the office premises and in transit which provides insurance cover against loss or damage by employee theft, burglary, house breaking and hold up. 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. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

41. Our internal procedures, on which we rely for obtaining information on our customers and loan collateral, may be deficient and result in business losses.

We rely on our internal procedures for obtaining information on our customers and loan collateral provided. In the event of lapses or deficiencies in our procedures or in their implementation, we may be subject to business or operational risk. For example, in the event that we unknowingly receive stolen goods as collateral from a customer, the goods can be seized by the authorities. Once seized by the authorities, gold items will be stored in court storage facilities without a surety arrangement unless released to the Company from safe custody, upon a specific order. No recourse will generally be available to the Company in the event of such seizure, except the recovery of the loss from the customer.

42. Increase in competition from our peer group in the finance sector may result in reduction of our market share, which in turn may adversely affect our profitability.

We have been increasingly facing competition from domestic and foreign banks and NBFCs in each of our lines of businesses. Some of our competitors are very aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

While our Company believes that it has historically been able to offer competitive interest rates on the loans extended to our customers, there can be no assurance that our Company will be able to continue to do so in the future. An increase in competition from our peer group may result in a decline in our market share, which may in turn result in reduced incomes from our operations and may adversely affect our profitability.

43. Conflicts of interest may arise out of common business objects shared by our Company and certain other entities promoted by our Promoters.

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, other Shareholders, Directors, executive officers and the holders of equity shares. Our Promoters have interests in other companies and entities that may compete with us, including other companies and partnership firms that conduct businesses with operations that are similar to ours.

Our Promoters and Group entities have interests in the following entities that are engaged in businesses similar to ours and this may result in potential conflicts of interest with the Company.

Companies:

- Muthoot Capital Services Limited;
- Muthoot Housing Finance Company Limited;
- Muthoot Microfin Limited;
- Muthoot Risk Insurance and Broking Services Private Limited; and
- Muthoot Exim Private Limited.

Except as disclosed in this Draft Prospectus, we have not entered into any non-compete agreement with our Promoter and/or such entities promoted by our Promoter. To this extent, we may have a potential conflict of interest between such entities and our Company. Further, there is no requirement or undertaking for our Promoters to conduct or direct any opportunities in the gold loan s and/or NBFC business only to or through us. As a result, conflict of interests may arise in allocating or addressing business opportunities and strategies amongst our Company and other entities promoted by our Promoters in circumstances where our interests differ from theirs. In cases of conflict, our Promoters may favour other entities in which our Promoters have an interest, as listed above. There can be no assurance that the interests of our Promoters will be aligned in all cases with the interests of our minority shareholders or the interests of our Company. There can be no assurance that entities promoted by our Promoters will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours.

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

44. ***We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money-laundering, anti-terrorism laws and other applicable regulations in India. We, in the course of our operations, run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls to prevent the occurrence of these risks. In our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness despite having a Board approved customer suitability policy and associated processes in place. To the extent the Company fails to fully comply with applicable laws and regulations, the relevant government agencies to which the Company reports have the power and authority to impose fines and other penalties. In addition, the Company's business and reputation could suffer if customers use the Company for money-laundering or illegal or improper purposes. Any potential penalties or liabilities imposed by the relevant regulators on such matters may adversely affect the Company's financial condition and results of operations.

45. ***Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could adversely affect our results of operations, business prospects and/or cash flows.***

Our current business strategy is to leverage on our experience in the gold loans industry and to expand our branch network and increase our gold loan portfolio. We cannot assure you that we will continue to follow these business strategies. In the future, we may decide to diversify into other businesses. We may also explore opportunities for expansion into new geographic markets outside India. We have stated our objectives for raising funds through the Issue and have set forth our strategy for our future business herein. However, depending on prevailing market conditions and other commercial considerations, our business model in the future may change from what is described herein. We cannot assure you that any diversification into other businesses will be beneficial to us. Further, any failure to successfully diversify in new businesses can adversely affect our financial condition.

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business. In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. We may not fully realise all of the anticipated benefits of any such transaction within the anticipated timeframe or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations, may result in significant costs and expenses and charges to earnings. The challenges involved in integration include:

i. combining product offerings and entering into new markets in which we are not experienced;
ii. consolidating and maintaining relationships with customers;
iii. consolidating and rationalising transaction processes and corporate and information technology infrastructure;
iv. integrating employees and managing employee issues;
v. coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
vi. achieving savings from infrastructure integration; and
vii. managing other business, infrastructure and operational integration issues.

Any such acquisition may also result in earnings dilution, the amortisation of goodwill and other intangible assets or other charges to operations, any of which could have a material adverse effect on our business, financial condition or results of operations. These acquisitions may give rise to unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or the acquisition is finalised. Such acquisitions could involve numerous additional risks, including, without limitation, difficulties in the assimilation of the operations, products, services and personnel of any acquired company and could disrupt our ongoing business, distract our management and employees and increase our expenses.

In addition, in order to finance an acquisition, we may be required to make additional borrowings or may issue additional Equity Shares, potentially leading to dilution of existing shareholders.

46. We have not entered into any definitive agreements to utilise a substantial portion of the net proceeds of the Issue.

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" on page 55. However, the net proceeds shall not be utilized for investment in real estate. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our funding requirements are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, 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. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

47. We continue to be controlled by our Promoters and they will continue to have the ability to exercise significant control over us. We cannot assure you that exercise of control by our Promoters will always favour our best interest.

Our Promoters hold 99.69 % of our total outstanding Paid Up Equity Shares as on June 30, 2019. Our Promoters exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us which may not favour our best interest.

48. Our business and activities may be regulated by the Competition Act, 2002.

The Competition Act, 2002 (the "**Competition Act**") seeks to prevent business practices that have a material adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause a material adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market, or number of customers in the market is presumed to have a material adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is unclear. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the Competition Commission of India, or any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, it may have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

49. We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for the financial year 2019 may not be comparable to our historical financial statements.

Our Company's financial statements for the Fiscals ended March 31, 2018, 2017 and 2016 have been prepared in accordance with Indian GAAP. In January 2016, the Ministry of Corporate Affairs laid out a road map for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs. NBFCs are required to prepare Ind AS based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of Rs. 500 crores or more, including our Company, and their holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. Under Phase II, NBFCs whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and have a net worth less than Rs. 500 crores, NBFCs that are not listed and have a net worth of more than Rs. 250 crores but less than Rs. 500 crores, and their respective holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending March 31, 2019 or thereafter. NBFCs that have a net worth below Rs. 250 crores shall continue to apply Accounting Standards specified in Annexure to the Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standards) (Amendment) Rules, 2016. Accordingly, we have adopted Ind AS notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition was April 1, 2017. The impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in the standalone financial statements of the Company for the year ended March 31, 2018, have been restated/reclassified. Therefore, our standalone financial statements for the year ended March 31, 2019 are prepared in accordance with Ind AS and are not comparable to our historical financial statements. There are significant differences between RBI regulations and Ind AS and the RBI has not issued any clarifications with respect to these differences. From April 1, 2018, the Company has computed key parameters including capital adequacy ratio, risk weighted assets, net owned fund, gross NPA, provision for non-performing assets derived from the financial statement prepared in accordance with Ind AS. These computations may undergo changes if the RBI issues any guidelines for such computations with retrospective effect.

EXTERNAL RISK FACTORS

Risks Relating to the Indian Economy

50. A slowdown in economic growth in India could cause our business to be adversely affected.

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our loan portfolio, the quality of our assets, and our ability to implement our strategy.

Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown, and in particular the financing requirement of our customers could adversely affect our business, prospects, results of operations and financial condition.

51. ***Political instability or changes in GoI could adversely affect economic conditions in India generally, and consequently, our business in particular.***

GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. There can be no assurance that these liberalized policies will continue in the future as well. A significant change in GoI's policies in the future, particularly in respect of the gold loan NBFCs and the gold loan industry, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

52. ***We may be adversely affected by increase in taxes and duties.***

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, 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. Taxes and duties, including those taxes and duties on certain types of trade transactions and industries affecting the movement and transportation of goods in India, may affect our business, financial condition and results of operations. There can be no assurance that the current levels of taxes, tariffs and duties will not increase in the future, or that State Governments will not introduce additional levies, each of which may result in increased operating costs and lower income. To the extent additional levies are imposed, there can be no assurance that we will be able to pass such cost increases on to our customers.

53. ***Significant fluctuations in exchange rates between the Rupee and foreign currencies may have an adverse effect on our results of operations.***

Our results of operations may be adversely affected if the Indian rupee fluctuates significantly against foreign currencies or if our hedging strategy is unsuccessful. To the extent that our income and expenditures are not denominated in Indian rupees, despite us entering into foreign exchange hedging contracts from time to time, exchange rate fluctuations could affect the amount of income and expenditure we recognise. In addition, the policies of RBI may also change from time to time, which may limit our ability to hedge our foreign currency exposures adequately.

54. ***Natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.***

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. In previous years, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded minimal growth. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business, prospects, results of operations and financial condition.

55. ***If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.***

India has from time to time experienced social and civil unrest and hostilities within itself and with neighbouring countries. India has also experienced terrorist attacks in some parts of the country. India has experienced terrorist attacks in some parts of the country, including in July 2011 in Mumbai, India's financial capital, which resulted in the loss of life, property and business These hostilities and tensions and/or the occurrence of terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, prospects, results of operations and financial condition. These hostilities and tensions could lead to political or economic instability in India and possible adverse effects on the Issuer's business, its future financial performance and the trading price of the NCDs. Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on the Issuer's business, future financial performance and the trading price of the NCDs.

56. If more stringent labour laws or other industry standards in the jurisdictions in which we operate become applicable to us, our profitability may be adversely affected.

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal, payment of overtime to employees and legislation that imposes financial obligations on employers upon retrenchment. In the future, if we are also required to supply manpower as part of our services, we shall incur additional cost in addition to be exposed to other labour legislation. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could adversely affect our business, results of operations, financial condition and cash flows.

57. Any downgrading of India's sovereign rating by an international rating agency (ies) may affect our business and our liquidity to a great extent.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favorable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations. 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. 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.

58. 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.

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.

59. 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.

There can be no assurance 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 shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

Further, the Government of India has on July 1, 2017, introduced a comprehensive national goods and services tax ("**GST**") regime that combines taxes and levies by the central and state Governments into a unified rate structure. While the Government of India and other state governments have announced that all committed incentives will be protected under the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime. 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

RISKS RELATING TO THE NCDS

60. We have not independently verified certain industry data in this Draft Prospectus.

We and the Lead Manager have not independently verified the data from industry publications contained herein including the IMaCS Report and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Unless stated otherwise, macroeconomic and industry data used throughout this Draft Prospectus has been obtained from the IMaCS Reports prepared by ICRA and from publicly available data prepared by providers of industry information, government sources and multilateral institutions. Therefore, matters relating to India, the Indian economy, as well as NBFCs, the gold loan industry, that are included herein are subject to the caveat that the statistical and other data upon which it is based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

61. There is no assurance that the NCDs issued pursuant to the Issue will be listed on BSE in a timely manner.

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to the Issue will not be granted until after the NCDs have been issued and allotted. While an in-principle approval from the BSE will be obtained prior to filing of the final prospectus, approval for listing and trading will require all relevant documents to be submitted to BSE. While the Company will use its best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading at BSE are taken within 6 Working Days of the Issue Closing Date, there can be no assurance that it will be completed in a timely manner. There could be a failure or delay in listing the NCDs on BSE.

We cannot assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund such monies, without interest, as prescribed under applicable statutory and/or regulatory provisions.

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

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner, or at all. Although the Company has undertaken to create appropriate security in favour of the Debenture Trustee to the Issue for the NCD Holders on the assets adequate to ensure 100% security cover on the outstanding amounts of the NCDs and interest thereon, the realisable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

63. Changes in interest rates may affect the trading price of the NCDs.

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

64. Any downgrading in credit rating of our NCDs may affect the trading price of our NCDs.

Brickworks has by way of its letter no. BWR/NCD/ERC/RB/0376/2019-20 dated August 23, 2019 assigned a rating of "BWR A+ (with Stable outlook)" to the NCDs. We cannot guarantee that these ratings will not be downgraded. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the NCDs and may also affect our ability to raise further debt.

65. Securities on our Secured NCDs rank as subservient residual charge on the current assets of the Company

Substantially all of our Company's current assets represented mainly by the gold loan receivables are being used to secure our *Company's* debt. As on June 30, 2019, our Company's secured debt outstanding is ₹ 8,15,713.95 lakhs. The NCDs being issued shall be secured by way of subservient charge on certain loan receivables (both present and future) of the company in favour of Debenture Trustee and exclusive mortgage and first charge over the immovable property admeasuring 5.19 cents situated at Survey No: 537, Samugarengapuram Village, Radhapuram Taluk, Tirunelveli District, Tamil Nadu. While the immovable property and residual current assets amount available to secure the NCDs are adequate to ensure 100.00% asset cover for the total value of the NCDs the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay in recovering the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

66. Payments made on the NCDs will be subordinated to certain tax and other liabilities preferred by law.

The Secured NCDs will be subordinated to certain liabilities preferred by law such as claims of GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our 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 accordance with the provisions of the Companies Act. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Secured NCDs.

67. The Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.

The Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. The Company is free to decide the nature of security that may be provided for future borrowings and this may rank *pari passu with similar ranking* with the security created for this Issue. In such a scenario, the NCD Holders will rank *pari passu* with other creditors of similar ranking, after exhausting the first *pari passu* holders liabilities and to that extent, the amounts recoverable by the NCD Holders upon the Company's bankruptcy, winding-up or liquidation may stand reduced.

68. The Issuer, being a NBFC is not required to maintain a debenture redemption reserve ("DRR")

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

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

There are other lenders and debenture trustees of the Company who have *pari passu* charge over the security provided for the Issue. While the Company is required to maintain security cover of 100% of the outstanding amount of the NCDs and the interest thereon, upon the Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees of similar ranking will rank *pari passu* with the secured NCD holders, after exhausting the first *pari passu* holders and to that extent, may reduce the amounts recoverable by the secured NCD holders. Pursuant to Regulation 17(2) read with Schedule I of the SEBI Debt Regulations, the Company is required to obtain permissions / consents from the prior creditors in favour of the debenture trustee for creation of such similar ranking *pari passu* charge and the same is required to be disclosed. The Company has applied to the prior creditors for such permissions / consents. Some of them are still pending. The Company will only be able to file the final prospectus with the Registrar of Companies after obtaining such permissions /consents and disclosing it in the prospectus.

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing and for repayment of interest and principal of existing borrowings of our Company. For further details, see "*Objects of the Issue*" beginning on page 55. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, according to 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 this Issue.

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

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

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

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

SECTION III : INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on June 10, 1997, as Muthoot Debt Management Services Limited as a public limited company under the provisions of the Companies Act, 1956 and was granted a certificate of incorporation by the RoC *vide* a certificate dated June 10, 1997. The Company received a certificate for commencement of business on June 10, 1997. Subsequently, the name of the Company was changed to Muthoot Fincorp Limited and a fresh certificate of incorporation dated March 19, 2002 was issued to the Company by the RoC.

The Company was registered as a non-deposit accepting NBFC with the RBI pursuant to the certificate of registration No. 16.00170 dated July 23, 2002 issued by the RBI under Section 45 IA of the RBI Act.

For further details regarding the Promoter and the group companies please refer to "*Our Promoter*" at page 117. For further details regarding changes to the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 91.

Registered Office

Muthoot Fincorp Limited
Muthoot Centre, TC No 14/2074-7
Punnen Road
Trivandrum – 695 0399, Kerala
Tel: +91 471 491 1550
Fax: +91 471 23 3156

Corporate Office

Muthoot Fincorp Limited
Muthoot Centre, Spencer Junction,
Trivandrum – 695 001, Kerala
Tel: +91 471 491 1430
Fax: +91 471 491 1569

Registration no.: 011518

Corporate Identification Number: U65929KL1997PLC011518

Legal Entity identifier: 335800CBWTUJAMOFVP96

Chief Financial Officer

Mr. Thomas Muthoot
Muthoot Towers, 6th Floor
M.G. Road, Opp. Abad Plaza
Ernakulam – 682 035, Kerala
Tel: +91 484 236 6870
Fax: +91 484 416 1616
Email: tthomas@muthoot.com

Compliance Officer and Company Secretary

Mr. T.D. Mathai
Muthoot Centre, Punnen Road
Trivandrum – 695 034, Kerala
Tel: +91 471 491 1649
Fax: +91 471 233 1560
Email: cs@muthootfincorp.com

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

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the Bidding Centre of the relevant members of the Lead Manager where the Application was submitted.

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

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

Lead Manager

SMC Capitals Limited
A – 401/402, Lotus Corporate Park
Jai Coach Junction,
Off Western Express Highway
Goregaon (East), Mumbai – 400 063
Maharashtra
Tel: +91 22 6648 1818
Fax: +91 22 6734 1697
Website: www.smccapitals.com
Email: mflncd2019@smccapitals.com
Investor Grievance Email: investor.grievance@smccapitals.com
Contact person: Mr. Satish Mangutkar
Compliance Officer: Ms. Vaishali Gupta
SEBI Registration No.: INM000011427

Debenture Trustee

Catalyst Trusteeship Limited
GDA House, Plot No 85
Bhusari Colony (Right)
Paud Road
Pune – 411 038, Maharashtra
Tel: +91 22 4922 0539
Fax: +91 22 4922 0505
E-mail: ComplianceCTL-mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Mr. Umesh Salvi
SEBI Registration No.: IND000000034

Catalyst Trusteeship Limited has pursuant to Regulation 4(4) of SEBI Debt Regulations, by its letter dated August 22, 2019 given its consent for its appointment as the Debenture Trustee to the Issue and for their name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

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

Registrar

Integrated Registry Management Services Private Limited
II Floor, Kences Towers
No. 1 Ramakrishna Street
T. Nagar, Chennai – 600 017, Tamil Nadu
Tel: +91 44 2814 0801 - 803
Fax: +91 44 2814 2479
Email: mfinipo@integratedindia.in
Investor Grievance Email: sureshbabu@integratedindia.in
Website: www.integratedindia.in
Contact Person: Mr. Sriram S
SEBI Registration Number: INR000000544

Applicants or prospective investors may contact the Registrar to the Issue or the Company Secretary & Compliance Officer in case of any pre-Issue or post-Issue related problems, such as non receipt of Allotment Advice, demat credit, refunds or transfers, etc. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant ("DP") and the collection center of the relevant members of the Designated Intermediaries appointed in relation to the Issue ("Syndicate") where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Designated Intermediary and the relevant Designated Branch of the SCSB in the event of an Application submitted by an Applicant at any of the Syndicate ASBA Centers, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for and amount blocked on Application.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism or through Designated Intermediaries of the Stock Exchanges may be addressed directly to the relevant Stock Exchange.

Statutory Auditor

M/s. Rangamani & Co
Chartered Accountants
17/598, II Floor, Card Bank Buildings
West of YMCA Bridge
Alleppey-C1
Tel : +91 477 226 1542
Email : sreenivasan2121@gmail.com
Contact Person: Mr. Mani
Firm Registration No: 003050S

M/s. Rangamani & Co. has been the statutory auditor September 25, 2017.

Credit Rating Agencies

Brickworks Rating India Pvt Ltd
3 Floor, Raj Alkaa Park,
Kalena Agrahara,
Bennerghatta Road,
Bangalore – 560 076, Karnataka
Tel: 080 40409940
Contact Person: Ms. K.N. Suvarna
Email Id: info@brickworkratings.com
SEBI Registration Number: IN/CRA/005/2008

Legal Advisor to the Issue

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai – 400 013, Maharashtra
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Public Issue Account Bank

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Refund Bank

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Bankers to our Company

Allahabad Bank Industrial Finance Branch No.41, Annasalai Chennai – 600 002 Tamil Nadu Tel: +91 44 2854 6272 Email: br.ibchennai@allahabadbank.in Contact Person: Mr. K Jai Kumar, Assistant General Manger	**Andhra Bank** Pan African Plaza Thriruvananthapuram – 695 001 Kerala Tel: +91 471 247 1161 Email: bm0567@andhrabank.co.in Contact Person: Mr. Ratnagiri, Chief Manager	**Axis Bank Limited** Corporate Banking, Circle Office NO. 41/418, 5th Floor Chicago Plaza, Rajaji Road Ernakulam, Kochi-682035 Tel: 0484 4411084 Email: suraj.das@axisbank.com Contact Person: Mr. Suraj Das, Assistant Vice President
Bank of Baroda Coimbatore Main Branch 82, Bank Road Coimbatore – 641 018 Tamil Nadu Tel: +91 4222300083 Email: coimba@bankofbaroda.com Contact Person: Mr Murthy, Branch Head	**Bank of India** Andheri Large Corporate Branch MDI Building, 1st Floor, 28, S V Road Andheri (West), Mumbai – 400 058 Tel: +91 97574 04702 Email: andherilcb.mumbainorth@bankofindia.co .in Contact Person: Mr. Anant Joshi, Senior Manager	**Bank of Maharashtra** Bangalore Shivaji Nagar Branch #22, Lady Curzon Road, Shivaji Nagar, Bangalore – 560 001. Tel: +91 80 2559 2054 Email: brmgr402@mahabank.co.in Contact Person: Mr. Vikram Kumar Tripathi, Assistant General Manager
Canara Bank Puthenchanthai Branch Devaswom Board Building Trivandrum – 695 001 Tel: +91 471 233 1301 Email: cb0822@canarabank.com Contact: Mrs. Kamalambal.S, Asst. General Manager	**United Bank of India** Corporate Banking Branch, 25, Sir PM Road, 2nd Floor, Fort, Mumbai – 400 001 Tel: +91 22 2202 0431 Email: bmzcm@unitedbank.co.in Contact: Mr. N.Srinivas Rao, Asst General Manager	**Central Bank of India** Trivandrum Branch, TC NO 28/885(5), CSI Building, MG Road Trivandrum – 695 001 Tel: +91 99466 60607 Email: bmcoch0937@centralbank.co.in Contact: Mr. Cyril Marian, Chief Manager
City Union Bank Blue Tower, Power House Road Trivandrum – 695 036 Tel: +91 71 246 7303 Email: cub107@cityunionbank.com Contact: Mr. S.Ramprasad, Manager	**Corporation Bank,** Corporate Banking Branch, 38 & 39, Whites Road, Chennai – 600 014 Tel: +91 97909 58570 Email: cb0122@corpbank.co.in Contact: Ms. Lavinya, Asst. General Manager	**Dena Bank** Nandanam Towers, Kunnumpuram Road, Near Dhanya-Remya Theatre, Trivandrum. Tel: +91 471 247 4549 Email: trivan@denabank.co.in Contact: Mr.Prasanth, Chief Manager
Mahindra& Mahindra Financial services Limited Sadhana House, 2nd floor, 570 P .B .Marg, Worli, Mumbai-400018 Tel: +91 93224 24030 kishore.avijit@mahindra.com Contact: Mr Avijit Kishore, Senior General manager-Head Institutional Lending	**Federal Bank Limited** Nanthencode Branch Trivandrum – 695 003 Kerala Tel: +91 94963 67828 Email: rakesh.federalbank.co.in Contact: Mr. Rakesh Krishnan Relationship Manager	**AU Small Finance Bank Limited** 7th Floor, Bank House (Mile Zero), Ajmer Road, Jaipur – 302 001, Rajasthan. Tel: +91 79907 66423 Email: ajendra.awasthi@aubank.in Contact: Mr. Ajendra Awasthi

ICICI Bank Limited 2nd Floor, “Daffodils” Opp. Silver Line Hospital, K.P. Vallon Road, Kadavanthra, Kochi – 682 020, Kerala Tel: +91 96339 27892/ 484 401 1355 Email: sajana.sreekumar@icicibank.com Contact: Mrs. Sajana Sreekumar, RM, SMEAG Department	**IDBI Bank Limited** Specialised Corporate Branch, Kochi, Panampilly Nagar, P.B.4253, Kochi – 682 036 Tel: +91 484 232 3324 Email: sherine.mendez@idbi.co.in Contact: Ms. Sherine Mendez, Deputy Gen Manager	**Indian Overseas Bank** Trivandrum Main Branch YWCA Building, MG Road Trivandrum – 695 001 Tel: +91 471 247 8320 Email: iob0099@iob.in Contact: Mr. Varaprasad, Asst. General Manager
Indus Ind Bank Limited Kochi Branch, First Floor Gowrinarayan (Opp to New Jayalakshmi Silks), 40/8399,8400 MG Road , Kochi-682035 Tel: +91 98430 67682,+91 484 421 6222 Email: soby.abraham@indusind.com Contact: Ms. Soby Abraham, Senior Relationship Manager	**Indian Bank** Corporate Branch Chennai No.480, Anna Salai, Khivraj Complex, Nandanam, Chennai – 600 035 Tel: +91 77449 96790,+91 44 2433 4172 Email: CORPORATEBRANCHCHENNAI@indianbank.co.in Contact: Pilankar Pradeep Prabhakar, Deputy General Manager	**Karnataka Bank** Trivandrum Branch Thakaraparambu Road Trivandrum – 695 023 Tel: +91 471 247 3130 Email: trivandrum@ktkbank.com Contact: Mr. Sreejith Kumar, Senior Manager
The Karur Vysya Bank Ltd, Corporate Business Unit - Coimbatore No.577, II Floor, KVB Building, Oppanakkara Street, Coimbatore – 641 001 Tel: +91 91599 44554 Email: haridastk@kvbmail.com Contact: Mr. Haridas T K, Relationship Manager	**Kotak Mahindra Bank Limited** Prestige Polygon, 12th Floor, 471, Anna Salai, Nandanam, Chennai – 600 035 Tel: +91 99625 77735 Email: bharanidharan.v@kotak.com Contact: Mr. Bharanidharan, AVP & Regional Head-South Financial Institutional Group,	**The Lakshmi Vilas Bank Limited** T C 9/885, Vellayambalam-Sasthamangalam Road, Thiruvananthapuram – 695 010 Tel: +91 471 272 4818 Email: trivandrum@lvbank.in Contact: Mr Prenith P C, Branch Head
Oriental Bank of Commerce Large Corporate Branch, 14th Floor, F Wing, Market Tower, Cuffe Parade, Mumbai – 400 005, Maharashtra Tel: +91 22 4302 3133 Email: bm0902@obc.co.in Contact: Mr. Sunil Chugh, Deputy General Manager	**Punjab & Sind Bank** Large Corporate Branch 27/29, Ambalal Doshi Marg, Fort Mumbai – 400 001 Tel: +91 22 2265 8721 Email: psbfort.0385@gmail.com Contact: Mr. Mukesh Varma, Assistant General Manager	**Punjab National Bank** Statue Jn, CP-GP Tower Uppalam Road Trivandrum – 695 001 Tel: +91 471 246 7373 Email: bo3301@pnb.co.in Contact: Mr. N Balasubramaniam, Assistant General manager
South Indian Bank Thampanoor Trivandrum – 695 014 Tel: +91 471 232 9585 Email: br0721@sib.co.in Contact: Mr. Tony Jose V, AGM – Corporate Branch	**State Bank of India** Industrial Finance Branch No 2, Harrington Road KRM Plaza, Ground Floor Chetpet Chennai – 600 031 Tel: +91 88383 01578 Email: rm2.09930@sbi.co.in Contact: Mr. Sathish Kumar S, AGM &RM II	**Syndicate Bank** Large Corporate Branch 2nd Floor, E Wing, Makers Tower, Cuffe Parade, Mumbai – 400 005 Tel:+91 22 2216 6649/ 2218 6667 Email: br.5088@syndicatebank.co.in Contact: Mr. Lakhbir Singh, Assistant General manager
Tamil Nad Mercantile Bank TC No.39/1276, 1st Floor, SP Bhagya Towers Attakulangara, Killipalam By- Pass Road Thiruvananthapuram – 695 036 Tel: +91 471 246 2048 Email: thiruvananthapuram@tmbank.in Contact: Mr. Daniel, Branch Head	**Union Bank of India** Overseas Branch, Union Bank Bhavan, 1st Floor, M G Road, Kochi – 682 035 Tel: +91 484 238 5213/216 Email:cbsoverseasernakulam@unionbankofindia.com Contact: Mr.Shyamsundar. T, Asst., General Manager	**Vijaya Bank** Corporate Banking Branch M1 Floor, Head office Building 41/2, M.G. Road, Bangalore – 560 001 Tel: 080 25320643 Email:ban.corpbkg1398@vijayabank.co.in Contact: Mr. Prasann Ram, Assistant General Manager
SBI CAP Trustee Company Limited Apeejay House, 6th Floor, 3,Dinshaw Wachha Road, Churchgate, Mumbai – 400 020 Tel: +91 70455 90953 Email: priyanka.chavan@sbicaptrustee.com Contact: Mr Priyanka Chavan Senior executive		

Self-Certified Syndicate Banks

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

Syndicate SCSB Branches

In relation to Applications submitted to 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 Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) 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 http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the Debt 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 sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013"

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

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, 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 the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Underwriting

The Issue is not underwritten.

Arrangers to the Issue

There are no Arrangers to the Issue.

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Draft Prospectus:

Our Company has received consent from the Statutory Auditors of our Company dated September 3, 2019 to include their name as an expert under Section 26(5) of the Companies Act 2013 in the Draft Prospectus in relation to (i) Statutory Auditor's report on our reformatted audited financials for the Financial Years ending March 31, 2018, 2017, 2016 & 2015 issued by M/s. Rangamani & Co, Chartered Accountants, dated August 17, 2019; (ii) Statutory Auditor's report on Audited Standalone Financials for the Financial Year ending March 31, 2019 issued by M/s. Rangamani & Co, Chartered Accountants, dated May 30, 2019 and the report on Audited Consolidated Financials for the Financial Year ending March 31, 2019 issued by M/s. Rangamani & Co, Chartered Accountants, dated August 17, 2019; (iii) Statement of Tax Benefits issued by M/s. Rangamani & Co, Chartered Accountants, dated September 3, 2019; (iv) Credit rating letter issued by Briwckworks Ratings India Private Limited dated August 29, 2019, in respect of the credit rating issued for this Issue which furnishes the rationale for its rating, our Company has not obtained any expert opinions.

Credit Rating and Rationale

The NCDs proposed to be issued under this Issue have been rated 'BWR A+ (Pronounced as BWR A Plus) (Outlook:stable)' by Brickwork on August 23, 2019 for an amount of upto ₹50,000 lakh. The rating of NCDs by Brickwork indicate that instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

The rationale for the aforementioned rating issued on August 23, 2019 has been provided in Annexure A.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds please see "*Objects of the Issue*" on page 55.

Issue Programme

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

** The Issue shall remain open for subscription on Working Days from 10 A.M. to 5 P.M. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Authorised Personnel, as the case maybe, subject to necessary approvals. 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 advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 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 BSE.*

*Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "**IST**")*

*("**Bidding Period**") 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 Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform would be rejected.*

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

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, 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

Details of share capital

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

(₹)

	Aggregate value
Authorised share capital	
20,00,00,000 Equity Shares of ₹10 each	2,00,00,00,000
Issued share capital	
19,38,00,800 Equity Shares of ₹10 each, fully paid up	1,93,80,08,000
Paid up equity share capital after the Issue	
19,37,05,560 Equity Shares of ₹10 each, fully paid up	1,93,70,55,600
Securities Premium Account	
Existing Securities Premium Account	3,81,29,85,000

Changes in Capital Structure

There have been no changes in authorised capital of the Company, as on the date of this Draft Prospectus for the last five years upto June 30, 2019.

Equity Share Capital History

The history of the equity share capital of the Company for the last five years upto June 30, 2019 is set forth below.

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Share Capital (₹)	Cumulative Share Premium
March 31, 2017	71,42,860	10	210	Cash	Rights Issue	19,37,05,560	1,93,70,55,600	38,12,98,5000

Issue of Equity Shares for consideration other than cash

Our Company has not issued any Equity Shares for other than cash in the two years prior to the date of this Draft Prospectus.

Acquisition or Amalgamation or Reconstruction or Re-organisation in the last one year

There has been no acquisition, amalgamation, reconstruction or re-organisation in the last one year.

Promoter Shareholding as on June 30, 2019

Sr. No.	Name of Promoter	Number of shares held	Percentage of the total paid-up capital (%)
1.	Thomas John Muthoot	5,08,43,764	26.25
2.	Thomas George Muthoot	5,08,43,764	26.25
3.	Thomas Muthoot	5,08,43,769	26.25
		15,25,31,297	**78.75**

None of the Equity Shares are pledged or otherwise encumbered by our Promoters.

Shareholding of Directors in our Company, Subsidiaries and Associates and Joint Ventures as on June 30, 2019:

For details of shareholding of our Directors in our Company and Subsidiaries (including options), please see "*Our Management - Shareholding of Directors*" on page 108.

Shareholding pattern of our Company

The following is the shareholding pattern of our Company, as of June 30, 2019

Sr. No. (I)	Category of shareholder (II)	Number of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			
								No of Voting Rights			Total as a % of (A+B+C)
								Class e.g.: x	Class e.g.: y	Total	
								(IX)			(X)
1.	Promoter & Promoter Group	3	15,25,31,297	Nil	Nil	15,25,31,297	78.75	15,25,31,297	Nil	15,25,31,297	78.75
2.	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Non-Promoter - Non-Public	13	4,11,74,263	Nil	Nil	4,11,74,263	21.25	4,11,74,263	NIL	4,11,74,263	21.25
4.	Shares Underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Shares Held by Employee Trust	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total		**19,37,05,560**				**100.00**				**100.00**

Statement of the aggregate number of securities of our company purchased or sold by our promoters, our directors and/or their relatives within six months immediately preceding the date of filing of the Draft Prospectus:

Nil

Top 10 Equity Shareholders of our Company as on June 30, 2019

Sr. No.	Particulars	No. of Equity Shares	Percentage of issued Equity Share capital (%)
1.	Thomas John Muthoot	5,08,43,764	26.25
2.	Thomas George Muthoot	5,08,43,764	26.25
3.	Thomas Muthoot	5,08,43,769	26.25
4.	Preethi John Muthoot	1,35,25,989	6.98
5.	Nina George	1,35,25,961	6.98
6.	Remmy Thomas	1,35,25,988	6.98
7.	Muthoot Exim Private Limited	4,76,200	0.25
8	Muthoot Kuries Private Limited	1,19,050	0.06
9	Janamma Thomas	1,039	0.00
10.	Shiney Thomas	6	0.00
	Total	**19,37,05,530**	**100.00**

Top 10 Holders of Non-Convertible Debentures (secured and unsecured)

List of top 10 debenture holders our Company as on June 30, 2019

(1) List of top 10 holders of secured listed non-convertible debentures issued by way of public issue pursuant to the prospectus dated June 25, 2014 (Public Issue – 1) as on June 30, 2019:

Sr. No.	Name	Amount
1	Thankappan Nair P N	5,00,000
2	Georgekutty Kolady	5,00,000
3	T Usha Kumari	5,00,000
4	James N Antony	5,00,000
5	Vijul Jain	4,00,000
6	Harsh Jain	4,00,000
7	Shrikrushna Dnyaneshwar Udakhe	3,00,000
8	George Peter	2,50,000
9	James N Antony	2,50,000
10	Chitra Visvanathan	2,00,000

(2) List of top 10 holders of secured listed non-convertible debentures issued by way of public issue pursuant to the prospectus dated September 4, 2014 (Public Issue - 2), as on June 30, 2019:

Sr. No.	Name	Amount
1	Oppath Gopalakrishnan	30,00,000
2	Annamma Easow	30,00,000
3	Easow John	30,00,000
4	Vivek Thomas	25,00,000
5	Ekkonnan Ramakrishnan Soman	25,00,000
6	Vivek Thomas	25,00,000
7	Usha Balram	23,00,000
8	Thomas Mathew	20,00,000
9	Swapna Abraham	20,00,000
10	Swapna James	20,00,000

(3) List of top 10 holders of secured listed non-convertible debentures issued by way of public issue pursuant to the prospectus dated September 1, 2015 (Public Issue - 3), as on June 30, 2019

Sr. No.	Name	Amount
1	Smitha Suresh	15,00,000
2	Retheesh Varghese	13,00,000
3	Aleyamma Kurien K	10,00,000
4	Lisy Thomas	9,00,000
5	Manoj Abraham	57,5,000
6	Sunil Berry	50,0,000
7	Suveera Berry	5,00,000
8	Suma Babu	5,00,000
9	Shalini Nayak	5,00,000
10	Therattukalathil Roshan	5,00,000

(4) List of top 10 holders in secured unlisted non-convertible debentures private placement by way of private placement, as on June 30, 2019:

Sr. No.	Name	Amount
1	Leila Patsy Saldanha	30,00,000
2	Jayalakshmi M V	25,00,000
3	Divya T Joseph	25,00,000
4	Babu Gopalan	23,00,000
5	Feiba Justin	20,00,000
6	Irine Hilary Pirel	20,00,000
7	Hilary Itur Pirel	20,00,000
8	Seva Dass	20,00,000
9	Ranjeeta Maharana	20,00,000
10	Aurobindo Karmakar	20,00,000

(5) List of top 10 holders in Subordinated Debt in the nature of Non- Convertible Debentures, as on June 30, 2019:

Sr. No.	Name	Amount
1	Priya Prakash	2,07,00,000
2	PJD Properties &Investments (P) Ltd [Ms]	1,00,00,000
3	PJD Properties &Investments (P) Ltd	1,00,00,000
4	Venugopal M	1,00,00,000
5	Vinod V Nair	97,00,000
6	Vinod V Nair	82,00,000
7	Lathika Chullikkattil Manilal	75,00,000
8	R Somanathan Pillai	66,54,000
9	Vilasachandran Nair. B	60,00,000
10	Madhu Balakrishnan.R	60,00,000

(6) List of top 10 holders of perpetual debt instruments issued by the Company, as on the date of the Prospectus:

Sr. No.	Name	Amount
1	Bpea India Credit Investments Trust II	48,00,00,000
2	Thomas Muthoot	21,10,00,000
3	Thomas George Muthoot	15,95,00,000
4	Thomas John Muthoot	13,20,00,000
5	Preethi John	4,15,00,000

Sr. No.	Name	Amount
6	Nina George	3,55,00,000
7	Gopu G S	1,90,00,000
8	Vishnu N	1,00,00,000
9	M Venugopal	1,00,00,000
10	Bakya Rachnaa Rnarayan	1,00,00,000

Long Term Debt to Equity Ratio

(₹ in lakhs)

Particulars	Pre-Issue as at March 31, 2019	Increase due to the Issue	Post-Issue
Share capital	19,370.56	-	19,370.56
Reserves and Surplus	2,60,826.16	-	2,60,826.16
Perpetual Debt Instrument	26,049.26	-	26,049.26
Total Shareholders' Funds (A)	3,06,245.97	-	3,06,245.97
Long term borrowings	2,78,397.44	50,000.00	3,28,397.44
Short term borrowings (including current maturities of Long Term Debt)	8,59,806.07	-	8,59,806.07
Total Debt Funds (B)	11,38,203.52	-	11,88,203.52
Total Capitalisation (A) + (B)	14,44,449.49	-	14,94,449.49
Long Term Debt / Equity	0.91	-	1.07
Debt/Equity	3.72	-	3.88

For information on outstanding borrowings of the Company, see "*Financial Indebtedness*" on page 394.

OBJECTS OF THE ISSUE

Our Company has filed this Draft Prospectus for a public issue of NCDs aggregating to ₹ 25,000 lakhs with an option to retain over subscription up to ₹ 25,000 lakhs, aggregating to ₹ 50,000 lakhs.

The funds raised through this Issue, after deducting the Issue related expenses to the extent payable by our Company (the "**Net Proceeds**"), are estimated to be approximately ₹ 49,850 lakhs. The Net Proceeds of the Issue are intended to be utilised by our Company for the following objects (collectively, referred to herein as the "**Objects**") subject to applicable statutory and regulatory requirements:

1. For the purpose of Working Capital - 75% of the amount raised and allotted in the Issue; and

2. For General Corporate Purposes - 25% of the amount raised and allotted in the Issue

The details of the Net Proceeds of the Issue are summarised in the table below

(₹ in lakhs)

Particulars	Amount
Gross Proceeds of the Issue	50,000
Less: Issue Related Expenses*	150
Net Proceeds	49,850

**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.*

The main objects clause of the Memorandum of Association permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Requirement of funds and Utilisation of Net Proceeds

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

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Issue Proceeds
1.	Working capital purpose and for repayment of interest and principal of existing loans	At least 75%
2.	General corporate purposes*	up to 25%
	Total	**100%**

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

The main objects clause of the Memorandum of Association permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interests of Directors/Promoters

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

Interim use of Proceeds

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

Issue Expenses

The following are the estimated Issue expenses*, proposed to be met from the Issue proceeds:

(in ₹ lakhs except percentages)

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

**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 Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 15 per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

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 utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2019-20, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

For more information, see "*Issue Procedure - Monitoring and Reporting of Utilisation of Issue Proceeds*" on page 461

Other Confirmation

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

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

The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

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

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

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 2013.

Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We shall utilize the Issue proceeds only upon execution of Debenture Trust Deed, filing of the PAS 3 with the RoC, receipt of the listing and trading approval from the Stock Exchange(s) as stated in this Draft Prospectus in the section titled "*Issue Related Information*" beginning on page 443.

No benefit/interest will accrue to our Promoters/Directors out of the proceeds of the Issue.

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.

Details of all utilized and unutilized 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.

Variation in terms of contract or objects in Draft 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 the Draft Prospectus or objects for which the Draft 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.

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 fulfill. 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.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. 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 the rate of 10% [plus applicable surcharge and Health and Education Cess ("cess")] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration.

   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. 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 dematerialized Form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act 1956 and the rules made thereunder.

6. Interest on application money and interest on refund application money 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 I. T. 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.

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

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

    e) 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.

    f) 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 money 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 is applicable 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 assessee. However, submission of tax residency certificate ("TRC"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the 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.

III. Tax benefit available to the foreign portfolio investors (FPIs)

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act., 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. 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 FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company till 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 FPIs.

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 authorized 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. Exemption under Section 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 claimed earlier would become chargeable 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 lakhs.

2. As per 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 holders 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 claimed 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.

VI. 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).

4. A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per para (I) above in such a case.

5. Where a wrong PAN is provided, it will be regarded as non – furnishing of PAN and para (I) above will apply apart from penal consequences.

VII. Taxability of Gifts received for nil or inadequate consideration

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

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

b. for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration

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

NOTES:

- The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by Finance Act, 2019.

- 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 lakhs but does not exceed Rs.1crore,at the rate of 15% on tax where the total income exceeds Rs.1crore but does not exceed Rs.2 crore, at the rate of 25% of tax where the total income exceeds Rs.2 crore but does not exceed Rs.5 crore and at the rate of 37% of tax where the total income exceeds Rs.5 crore.

- 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.

- 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.

- Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds Rs.1crore but does not exceed Rs. 10 crores and at the rate of 5% on tax where the income exceeds Rs.10 crores.

- Health and Education Cess is to be applied at the rate of 4% on aggregate of base tax and surcharge.

- Several of the above tax benefits are dependent on the debenture holders fulfilling the prescribed conditions.

SECTION IV : ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless otherwise indicated, all of the information and statics disclosed in this section are extracted from an industry report titled 'Gold loan Market in India-2018' ("**IMaCS Report 2018**"), prepared and issued by ICRA Management Consulting Services Limited ("**IMaCS**"). For details of risks in relation to IMaCS Report 2018 and other publications, see "Risk Factors-"We have not independently verified certain industry data in this Draft Prospectus" on page 39.The information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, our Promoters, the Lead Manager or any of our or their respective advisors.*

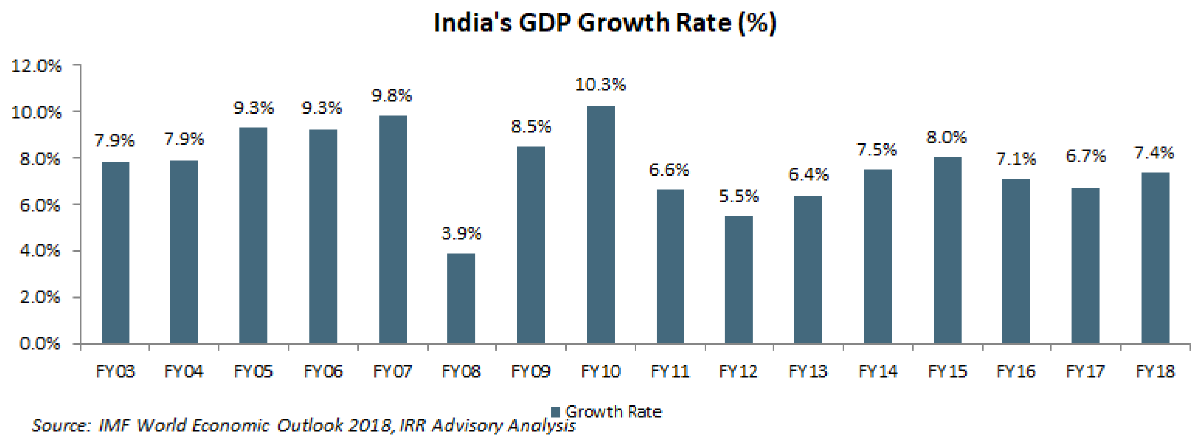
The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect.

Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the IMaCS Report 2018 as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

Following is the disclaimer of IMaCS Report 2018: "All information contained in this document has been obtained by IMaCS from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and IMaCS in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and IMaCS shall not be liable for any losses incurred by users from any use of this document or its contents in any manner. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity."

INDIAN ECONOMY

India, the world's third largest economy in terms of its purchasing power parity (PPP) and population of over 1.2 bn, has witnessed significant economic growth since the country was liberalized in early 1990s. Industrial deregulation, divestment of state-owned enterprises, and reduced Governmental controls on foreign trade and investment, served to accelerate the country's growth and India has posted an average of 7.0% GDP growth since beginning of this millennium. According to IMF, India's GDP was at 6.7% in 2017 and it is projected to jump to 7.4% in 2018 and 7.4% in 2019.



Source: IMF World Economic Outlook 2018, IRR Advisory Analysis

Government of India (GoI) has set development of infrastructure sector as one of the prime objective to accelerate the growth momentum and has initiated a host of bold new initiatives to address these and other challenges. For instance, the country’s flagship ‘Skill India’ initiative seeks to equip India’s growing young workforce with the skills needed to compete in today’s rapidly changing work place. The skills program is complemented by the ‘Make in India’ initiative, as well as with efforts to ease the process of doing business. The Smart Cities and Atal Mission for Rejuvenation and Urban Transportation (AMRUT) programs focus on creating dynamic urban centers in towns and cities across the country. Thus, India's GDP is expected to reach USD6trn by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

Gold Finance Industry in India

India continues to be one of the largest consumer markets for gold and is estimated to hold around 12.9 per cent of total World Gold stock in FY18 up from 11.7 per cent in FY12. The Gold loan Market in India in the last couple of years has consolidated after a subdued period of growth during FY13-15. There were two major macro-economic events in the last 2 years namely the Demonetization of November 2016 and the GST roll out from 1st July 2017 but other than the short-term volatility immediately preceding and post these events there hasn’t been any major impact on the demand for Gold loan. A look at the growth in Market size reveals that Gold loan market grew marginally during FY 17 to Rs 1450 Billion from a level of Rs 1400 Billion in FY 16. However, during FY 18 it increased by 10% to reach 1,600 billion. Most Gold loan lenders, irrespective of their category, took a cautious approach to volatility in gold prices and focussed their energies on consolidating their operations and resolving accumulated bad debts in their gold loans portfolio. The year FY17 started with optimism and some of the specialised gold loan NBFCs could register growth of around 20% (annualised) during the first two quarters. However, demonetization during the third quarter took the sheen away and the year ended with a muted growth of around 12% for these specialised NBFCs segment.

After a period of rapid expansion, growth suffered a setback during FY13-15 as the market witnessed several discontinuities that led to fundamental changes in the sector. A Loan to Value (LTV) Cap of 60 per cent was applied to gold loans offered by NBFCs. Coupled with this gold prices also began to decline, which led to a significant decline in the level of activity of NBFCs. NBFCs lost a significant market share to commercial banks (which did not have an LTV cap) as well as to the unorganised sector during FY13-14. The trend was reversed to some extent in FY15, when the LTV cap was revised to 75 per cent and the same was applied to banks as well. Starting from FY15 and during FY16 the Specialised Gold loan NBFCs focussed on consolidating and stabilising their operations, while the new NBFC entrants reduced their exposure to the segment. From FY16-18, specialised gold loan NBFCs have shown a CAGR of 8-9%, with the only exception of Muthoot Fincorp growing around 29% in FY18 as compared to FY16. Today, the era of regulatory uncertainty appears to have passed and the Specialised Gold loan NBFCs have been able to lay down the foundation for a more rational and healthy growth over the next few years.

Driven by their singular focus on the segment and their unique capabilities to operate in the segment, Specialised Gold loan NBFCs were able to hold their ground even in an unfavourable regulatory, operating and competitive environment during the last decade. The Specialised Gold loan NBFCs have also rolled out several technological and risk management initiatives to improve their online delivery and sourcing, rationalizing their cost of operations, enhancing the safety of the pledged gold and other customer friendly policies. IMaCS expects that these measures will in the long term contribute to the development of more stable and stronger operations of Specialised Gold loan NBFCs.

IMaCS expects the Gold loan market to grow between 10-12 per cent over the next few years and reach a market size of about Rs 2,300-2,500 billion by FY22. The key risks to the above projections would be any further stringency in RBI’s stance on the sector and role of specialized Gold loan NBFCs. Further, more than expected decline in gold prices can translate into higher than expected credit losses for gold loan providers and significantly mar the growth prospects of the segment.

IMaCS expect the Specialised Gold loan NBFCs to focus on growth and consolidate their market share in the Indian Gold loan market. However, with the tremendous growth in Fintech startup space and aggressive strategies being adopted by the current incumbents, IMaCS expects that the competitive intensity in the sector to only increase in the medium term. Specialised Gold loan NBFCs are expected to further strengthen their presence in Non-South geographies, where competition from the organised sector is still relatively less compared to the Southern & Western India.

IMaCS believes that finally it will be the adoption and use of technology that will differentiate the Best from the Good in this industry to manage the pressure on margins and to understand and meet the ever-increasing customer expectations.

Trends in Gold prices and demand

Gold has always held a special place in the life of every Indian and that continues to be so. Gold prices have had a limited impact on the demand gold jewellery. Gold prices started their upward trend from the year 2002 and continued for the next ten years till 2011. During FY16, the decline in gold prices was arrested and started rising again as witnessed during the last quarter of FY16 and first two quarters of FY17. Prices declined during the end of FY17 and remained the same during the first and second quarter of FY18 but again stabilised and hardened in the fourth quarter ending March 2018. The gold price as on March ending FY18 was higher by 7 per cent compared to that on March ending FY17. Demand for gold declined around 10% in FY 17 as compared to the FY16 and increased marginally during FY18. The demand for gold jewellery in FY18 increased about 6% from FY17.

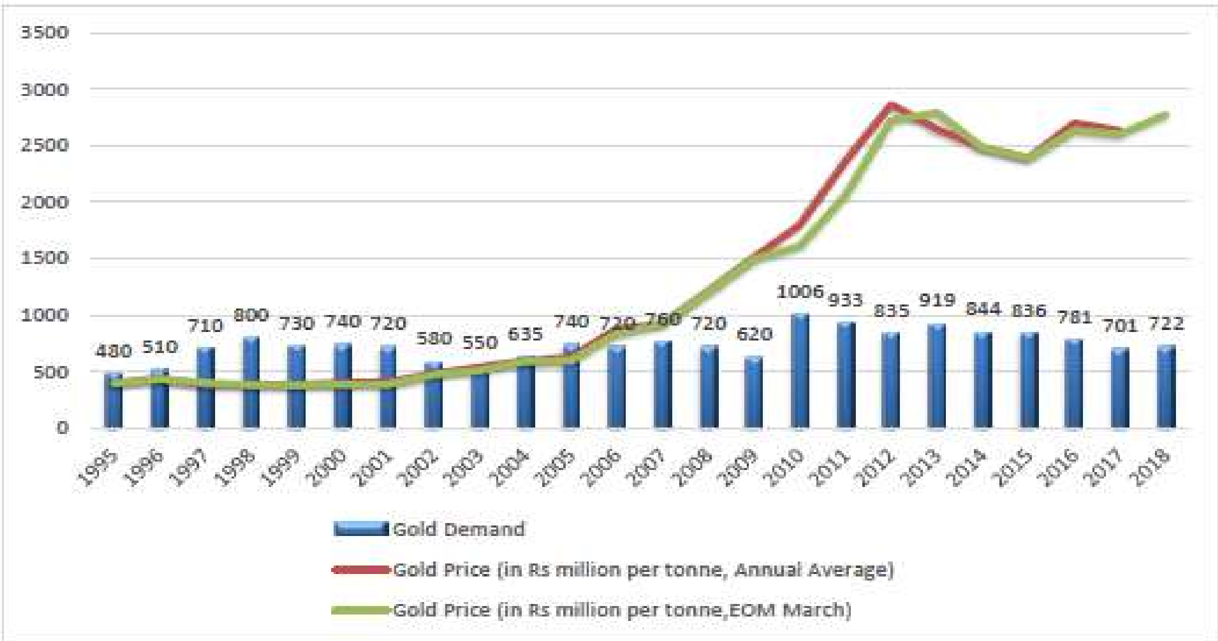
Trends in Gold Demand and Prices over the past 20 years (FY 1998-2018)

	1998-00	2001-03	2004-06	2007-09	2010-12	2013-15	2016-18
Growth in Gold Demand %	-3.82%	-12.60%	6.48%	-9.68%	-8.89%	-4.62%	-3.85%
Growth in Gold Jewellery Demand	-4.51%	-5.12%	3.13%	-7.54%	8.25%	6.88%	-2.94%
Growth in Gold Prices (in Rs Mn/tonne) *	0.77%	15.01%	18.74%	27.15%	30.05%	-7.52%	2.67%

*Source: World Gold Council, IMaCS Analysis *Gold Prices as on March end for each year*

India continues to be one of the largest consumer markets for gold and is estimated to hold around 12.9 per cent of total World Gold stock in FY18 up from 11.7 per cent in FY12.

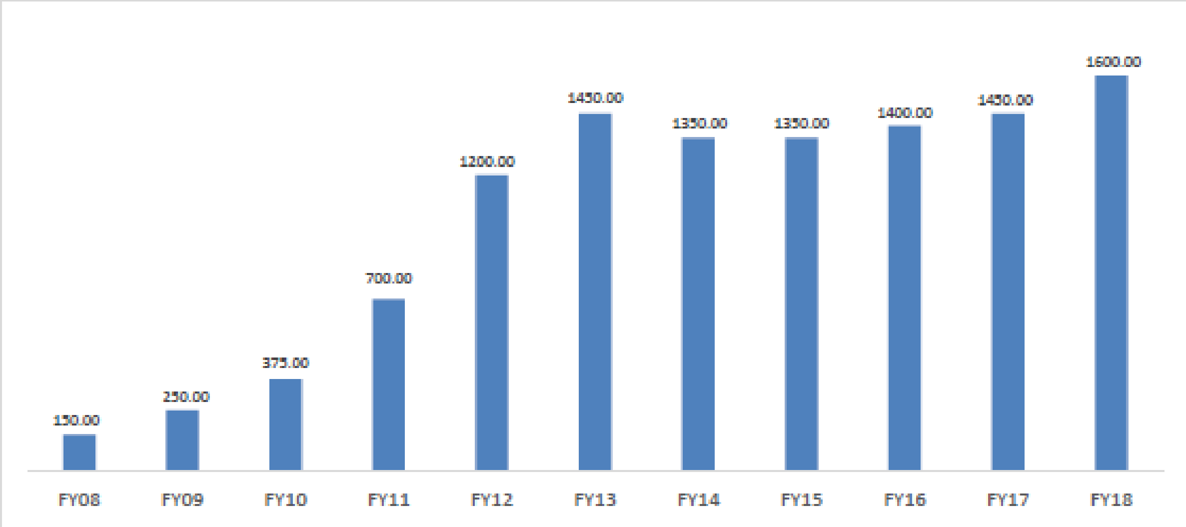
The following chart illustrates gold demand trends and gold price trends in India:



*Source: World Gold Council, IMaCS Analysis, *Gold Price available till annual year 2017*

Growth and Size of the Organised Gold loan Market

The total Gold loan market showed a muted growth and reached Rs 1,450 billion in FY17. However, in FY18 the market picked up growth to reach an estimated size of Rs. 1,600 billion.



Growth (YOY)	67%	50%	87%	71%	21%	-7%	0%	4%	4%	10%
% Gold loan penetration*	1.3%	1.47%	2.7%	3.4%	3.9%	4.1%	3.8%	3.5%	3.5%	3.5%

Source: Annual reports, analyst reports, bank interviews, IMaCS analysis

** Defined as gold in tonnes pledged with organised gold lenders as a % of total gold stock in India*

The market has been growing consistently from FY14 onwards however a year on year analysis reveals some basic differences in the nature of growth across each year.

Key Components of Gold loan Market Size in India

Trends in Gold Demand and Prices over the past 20 years (FY 1998-2018)

Key Growth drivers	FY14	FY15	FY16	FY17	FY18
Gold loan Portfolio (Rs billion)	1,350	1,350	1,400	1,450	1600
Average Gold Price (Rs million per tonne)	2480	2388	2592	2599	2776
Estimated Average LTV per cent	65%	69%	70%	70%	70%
Gold on collateral (in tonnes)	914	894	842	870	900

In FY16, even as regulatory environment stabilised and gold prices strengthened, growth in total gold loan portfolio could not improve as each category of lenders focused on consolidating rather than expanding their portfolio. During the year, gold prices started moving upwards again which led to marginally lower amount of gold pledged as compared to FY15.

The regulatory parity with banks was for Gold loan NBFCs and the regulatory regime for them has continued to be largely stable in the last two years. Further, Gold loan NBFCs spent more energy to stabilise their business and could even regain their lost growth trajectory during the first two quarters of FY17. The growth was temporarily arrested during third quarter of FY17 due to demonetisation with some spill overs in the last quarter of FY17 however business sprung back to pre-demonetisation levels for most of the Gold loan NBFCs and started increasing in FY18.

IMaCS expects the Gold loan market to grow between 10-12 per cent over the next few years and reach a market size of about Rs 2,300-2,500 billion by FY22. Any unexpected changes in the regulatory regime for gold loans and any abrupt movement in gold prices are the key factors that may warrant a revision in the growth projections for the sector.

KEY GROWTH DRIVERS

Traditionally, gold loans were a source for financing unexpected expenses and certain household social obligations. Jewellery was also mortgaged to bridge the liquidity requirements while acquiring residential properties. However, in the recent years, gold loans have also emerged as an acceptable source of short term working capital finance for small businesses. The rapid expansion drive of specialised Gold loan companies has been one of key facilitating factor to this phenomenon.

Over the last decade, there has been a change in the 'debt-averse psychology' of the average Indian consumer and the acceptability of retail lending products has increased. The change in customer mindset is also reflected in the growth trends in the gold loans segment, where historically in geographies other than south India, customers had cultural inhibitions in pledging their jewellery and viewed pledging gold as a last resort only to be tapped in case of dire emergencies. The initial experience of gold loans companies in the western, northern and eastern parts of India has been very encouraging. The demand for gold loans as a product has witnessed a strong growth as a result of a targeted promotion by Gold loan NBFCs.

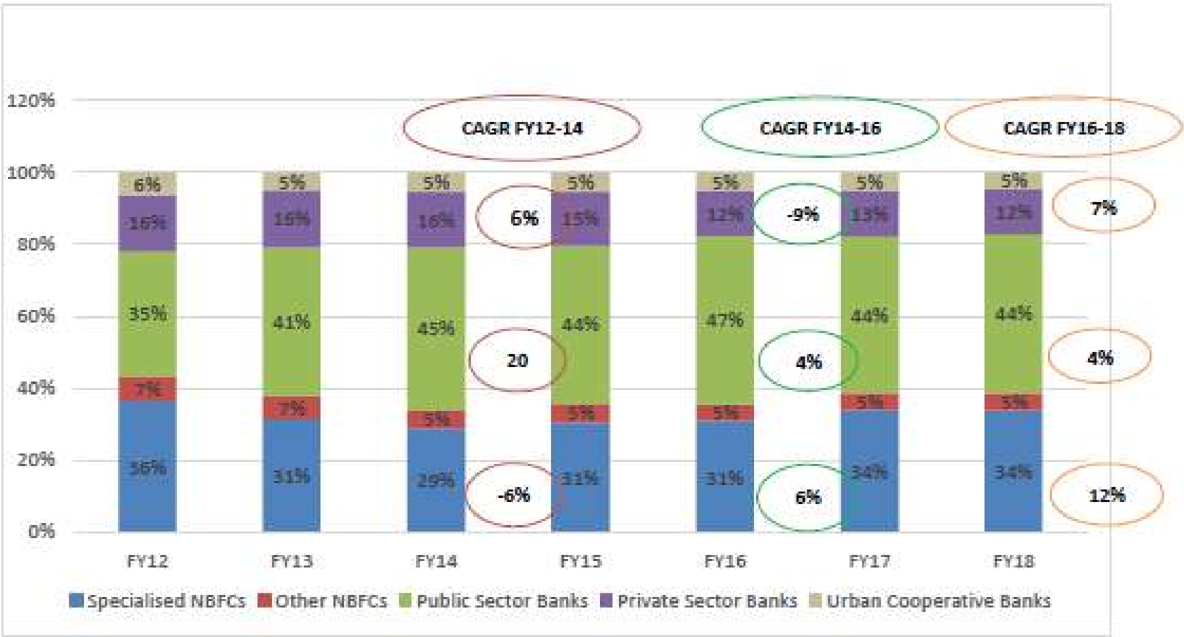
The predominant customer base for gold loans continues to be farmer households, low and lower middle income households in urban areas, who resort to pledging gold to meet urgent personal and business needs. However, over the last couple of years, lenders have witnessed a trend of business customers increasingly resorting to gold loans for meeting their regular working capital requirements. While this phenomenon is expected to broaden the reach of gold loans, the new customer segments also bring with them a set of new business risks and might require the lenders to adopt a different approach to credit appraisal and assessment to this segment vis-a-vis that taken for the traditional customers.

COMPETITION

Market Share

During FY12 to FY15 due to strict regulatory measures prescribed to NBFCs by RBI Specialised Gold loan NBFCs lost ground to banks, however with the regulatory environment stabilising during FY15 to FY18 these specialised NBFCs regained their market share.

Market share of Key categories of Gold loan providers (FY12-FY18)



Source: Annual reports, analyst reports, bank interviews, IMaCS analysis

Trends in Portfolio and Market Share of Leading Gold loan Providers in India: FY16-18:

Gold loan Company/Bank	Estimated Gold loan Portfolio (Amount in Rs. Crore)			Estimated Market Share		
	FY16	**FY17**	**FY18**	**FY16**	**FY17**	**FY18**
Muthoot Finance	24,336	27,220	28,848	17.40%	18.80%	18.00%
Manappuram Finance	10,080	11,124	11,735	7.20%	7.70%	7.30%
Muthoot Fincorp	6,847	9,052	11,445	4.90%	6.20%	7.20%

Gold loan Company/Bank	Estimated Gold loan Portfolio (Amount in Rs. Crore)			Estimated Market Share		
Shriram City Union Finance	3,328	3,425	3,374	2.40%	2.40%	2.10%
India Infoline Finance Limited	2,900	2,899	4,037	2.10%	2.00%	2.50%
Indian Bank	18,520	18,671	23,571	13.20%	12.90%	14.70%
Indian Overseas Bank	15,249	11,501	12,679	10.90%	7.90%	7.90%
HDFC Bank	4,500	4,800	5,500	3.20%	3.30%	3.40%
South Indian Bank	3,888	4,296	4,766	2.80%	3.00%	3.00%
Federal Bank	2,420	2,093	1,965	1.70%	1.40%	1.20%
Andhra Bank	2,282	2,605	2,984	1.60%	1.80%	1.90%
Catholic Syrian Bank	1,761	2,025	2,500	1.20%	1.40%	1.60%
Dhanalaxmi Bank	870	787	795*	0.60%	0.50%	0.50%

**IMaCS estimates based on certain assumptions*

Source: Annual Report, Investor's Presentation, Rating Rationale, Interviews with banks, IMaCS analysis and estimates

The changes in the competitive landscape in the sector have been in line with IMaCS' expectations. Specialised NBFCs initially lost their market share to banks but have managed to regain a part of their lost market share quickly, once the regulatory arbitrage disappeared, thus highlighting their inherent competitive advantages to operate in the segment. Their performance improved in FY18 as compared to the previous financial year. New NBFC entrants in the sector have been the worst effected due to difficult operating environment.

Going forward, the strategic stance of each category of gold loans provider will depend on its focus, specialised capabilities to operate in the segment and the regulatory environment impacting their operations. A summary of the expected stance of each category of Gold loan providers in the changed operating and regulatory environment has been provided in the table below:

Category of Lenders	Focus on the segment	Capabilities to operate in the segment	Impact of RBI regulations	Strategic Stance on the segment in the medium term (next 1-2 years)
Specialised Gold loan NBFCs	Very High. Bread and Butter Segment	High	LTV Cap changed from 60 per cent to 75 per cent. Regulatory parity with banks restored. Governance and transparency has improved.	Focus on growth, regaining market share. and diversification of income base
New entrants (NBFC)	Medium. As an attractive risk-return segment	Medium	Have failed to grow and sustain in a period of declining gold prices and strict RBI regulations	Exit or Go Slow. A few may re-enter once the overall outlook on the gold loan segment improves
Public Sector Banks (Mostly South Based)	High. Core segment to meet priority sector lending targets	Medium	Subdued growth due to regulatory guidelines for stricter end use monitoring and decrease in gold prices	Will target stable growth rates of close to 8-10 per cent. Non-Priority Sector lending portfolio may grow at a faster rate than Priority Sector lending
Private Sector Banks (Mostly South Based and traditional Gold loan providers)	High. Core segment, both to meet priority sector lending targets and earn attractive returns	Medium	Regulatory guidelines for stricter end use monitoring coupled with reducing gold prices	Go Slow. Banks have a high exposure in the segment, with limited flexibility to increase their exposure to segment. Currently in a cautious mode on the segment.
New entrants (Banks)	Low to medium. As an attractive risk-return segment	Medium	Looking to consolidate current market share	Focus on targeting specific customer segments.
Cooperative Banks	Medium. As a core offering for their customer base	Low	No significant impact or change.	No change in the pace of efforts to grow or diversify geographically expected

Competition for Specialised Gold loan NBFCs remained subdued during FY18 as they are facing less competition from other lenders like Banks, Urban Cooperative Banks and other NBFCs. This should allow Specialised Gold loans NBFCs to strengthen their market share further and regain a larger part of the market share they lost during FY13-15. Further, public sector banks and old private sector banks are expected to continue to grow with restrain. South based public sector banks are not expected to eye aggressive growth in the medium term with concerns emanating from their rising share of bad debts along with RBI directives on stricter monitoring on end-use of agricultural loans including agricultural gold loans. South Based Private sector banks that were high on their exposure in the gold loan segment have reduced the proportion of gold loans in total loans and are expected to cap the exposure at a certain per cent of their portfolio. Once they reach the internal cap on gold loans, IMaCS expects can expect the growth in their gold loan portfolio to be in sync with the overall growth expected in their balance sheet. With gold loan prices re-entering an upward trajectory, new NBFC entrants into the market can be expected to increase their participation in the segment, though growing cautiously to avoid any shocks caused by volatility in gold prices. New Private Sector Banks have again re-entered the segments but lack strong focus on the segment and operate in distinct customer segments from that of Specialised Gold loan NBFCs.

Banks could not take advantage of the regulatory arbitrage available to them

Banks held a competitive advantage vis-à-vis NBFCs during the period FY13-15. They could grow at a much faster pace than that of NBFCs in FY13 and FY14. However, they could not sustain the rate of growth and expansion owing to concerns related to asset quality on account of the decline in gold prices.

Although the South based Public Sector Banks increased their market share from 35 per cent in FY12 to 44 per cent in FY15 mainly due to change in regulations which impacted the NBFCs, however the major increase was in the first year itself i.e. FY13. The growth in absolute terms was almost stagnant after the first year which shows that they couldn't capitalise on the regulatory benefits for long. During FY16-18 these south based Public Sector Banks performed marginally better and saw their gold loan portfolio grew by about 7 per cent CAGR.

Private sector banks were hit to a similar extent as their Public-Sector counterparts. After an initial growth of 23 per cent in FY13, the aggregate portfolio of these banks declined by around 20 per cent during FY14-17 and then has shown an increase of 9 per cent during FY18. South based private sector banks have shown the steepest decline in their gold loan portfolio in contrast to a few new private sector banks which have increased their focus and sales.

As NBFCs retreated from the sector, banks had an opportunity to capture a larger share of the market. However, they failed to capitalise on the opportunity, thus highlighting the niche focus and capabilities required to cater to the segment. Further, the South based banks have not shown any significant inclination and capability to expand their gold loan offerings beyond South India. Thus, with the slowdown in the expansion of the Specialised Gold loan NBFCs, the overall organised gold loan market could not sustain growth, as a result of which significant share of the existing market and the additional growth is perceived to have shifted back from the organised to the unorganised sector during this period.

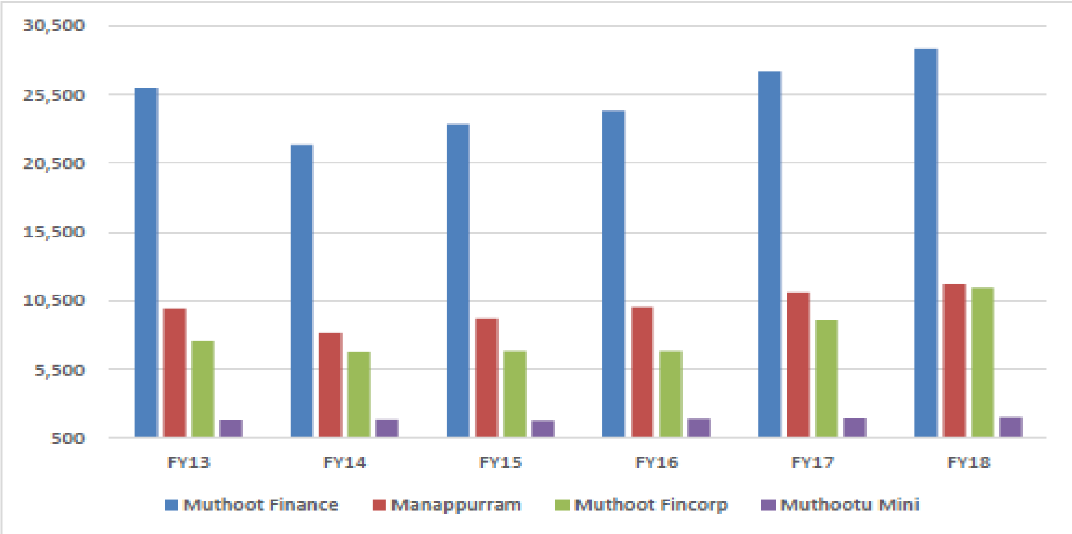
In addition to the changes in the overall competitive landscape, the performance of individual lenders in the gold loans sector has been varied depending on their strategic focus and capabilities. Muthoot Finance Limited has maintained its position as the largest gold loan company in India in FY18 with a market share of 18.0 per cent. Indian Bank and Indian Overseas Bank maintained the second and third positions respectively with an estimated market share of 14.7 per cent and 7.9 per cent in FY18. Manappuram Finance, the 2nd largest Specialised Gold loan Company held a market share of 7.3 per cent in FY18. Muthoot Fincorp the 3rd largest Specialised Gold loan company has increased its market share from 4.9% in FY16 to 7.2% in FY18 and is neck to neck with Manappuram in terms of acquired market share.

Specialised Gold loan NBFCs

Till mid 2000s the gold loan market was primarily catered to by the unorganised sector, with limited penetration of organised lenders. However, Specialised Gold loan NBFCs initiated an aggressive drive to expand their business, first in Southern India and then to geographies beyond the South India. These NBFCs opened more than 1,000 branches each in Non- South Geographies and launched a pan India promotion campaign to advertise the concept of pledging gold and jewellery with the organised lenders. Since then these NBFCs have come a long way and maintained a strong hold in Indian gold loan market.

Gold loan portfolio of specialised NBFCs (FY13-FY18)

The following chart shows the portfolio of Specialised Gold loan NBFCs along with their growth:



Source: Annual Report, Analyst Presentation, IMaCS Analysis

Competitive strategies

In the current phase of the gold loans market, Specialised Gold loan NBFCs have again re-emerged at the centre of the competitive field with traditional banks in the sector exercising restrain in the sector. In this section, IMaCS expects provide a comparison and mapping of the strategies and capabilities of Specialised Gold loan NBFCs and analyse the strength of competition from other traditional gold loan providers which includes south based public sector and private sector banks.

Specialised Gold loan NBFCs have a single-minded focus on the gold loan segment and view it as their bread and butter segment. This unified focus has enabled these NBFCs to develop processes and systems tailored for catering to the gold loans segment which is small ticket size, requires quick turnaround and demands expertise in a host of operational aspects such as valuation of gold, safeguarding the pledged gold and ability to recover adequate value on gold auctioned to contain any possible credit losses. One of the key strategic initiatives that have strengthened the position of specialised NBFCs is that they have managed to create a first mover advantage for themselves in the Non-South Gold loans market in India, where till recently; competition has been negligible from other categories of lenders.

The primary competitors to Specialised Gold loan NBFCs are South based private sector banks which have a strong presence in the target customer segments of the Specialised Gold loan NBFCs. As reflected in their portfolio composition, almost 60-85 per cent of their gold loan portfolio goes to the non-priority sector, which is defined as loans against pledge of gold ornaments for non-agricultural purposes and hence, do not fit in the definition of priority sector lending. For these banks, gold loans have been an integral part of their product offerings. However, despite being a core offering, their focus and growth in the segment has been restricted by multiple factors such as priorities of the bank and focus on other segments, slow growth in overall balance sheet and hence, their inability to grow their exposure to a single segment beyond a limit. The portfolio and branches of these banks are geographically concentrated in one or two states of South India and hence, there is a very limited possibility of these banks to expand to geographies beyond South India.

The second category of strong competitors are the Public Sector banks, primarily the South Based Banks, who with their sheer size of balance sheet and a pan India branch network have the capabilities to emerge as formidable competition to the Specialised Gold loan NBFCs. However, their traditional customer segments are farmers or individuals holding land for agricultural purposes in rural and semi-urban areas who can be offered agricultural loans as gold loans under priority sector lending.

Comparison of focus, target customer segments and geographical reach of Key categories of Gold loan providers

	Overall Focus and Value Proposition	Target Customer Segments	Geography-Level of reach and diversification
Specialised Gold loan NBFCs*	• Highly focussed • Gold loan at more 90 per cent of the portfolio • Differentiation based strategy: offering loans with quick turnaround and minimal paperwork	Customers: • Who are not eligible under priority sector in banks • Need quick turnaround • Are not comfortable approaching banks	• Pan India presence for the two largest lenders at 40-50 per cent of gold loans portfolio from Non-South States in India. • Strong focus on urban and semi-urban areas which are expected to account for more than 75 per cent of loans
Public Sector Banks (South Based)	• Medium focus • Gold loan between 4-15 per cent of the portfolio • Cost based strategy; offering loans at low cost	• Around 70-90 per cent of the loans are for farmers and traders under priority sector lending • Retail portfolio largely limited to existing deposit customers	• Pan India presence, but fairly concentrated in gold loans. • More than 90 per cent of gold loans in the four Southern Indian States. • Strong focus in rural and semi-urban areas
Private Sector Banks (South Based)*	• Highly focussed • Gold loan portfolio at 10-30 per cent of the portfolio • Cost based strategy; offering loans at low cost	• Around 15-40 per cent of the gold loans are for farmers and traders under priority sector lending, with the rest constituted by retail customers	• Regional presence, but highly concentrated in a few states in South India. More than 90 per cent of Gold loans are from 1-2 Southern Indian States, Kerala and Tamil Nadu • Strong focus in rural and semi-urban areas
New Private Sector Banks	• Low to Medium Focus • Gold loan portfolio at less than 1 per cent of the total portfolio • Strategy focussed on cross sell and cost-based strategy; offering loans at low cost	• Around 25-30 per cent of the gold loans under priority sector lending. • A significant proportion of loans is constituted by self-employed customers, who are the current customers of the bank	• Pan India presence with significant proportion of business from semi-urban areas and non-south geographies in states like Maharashtra, Rajasthan, West Bengal and Haryana. • Are also tapping the South India market to the extent possible in a highly competitive segment.
Urban Cooperative Banks	• Medium Focus • Gold loan portfolio at around 12-30 per cent of total portfolio • Competes on service and quick turnaround and local familiarity.	• Around 15-20 per cent of the gold loans are estimated for farmers and traders under priority sector lending, with the rest constituted by retail customers	• Highly concentrated in a few districts of a single state out of the four states in South India • Strong focus in semi-urban and urban areas

Gold loan business outlook

Going forward, IMaCS expects the gold loans market to regain some of its lost sheen even as the growth rate is expected to be slower than that experienced during the period of rapid expansion (FY07-12). IMaCS expects the Gold loan market to grow between 10-12 per cent over the next few years and reach a market size of about Rs 2,300-2,500 billion by FY22. Few key enabling factors would be a stable and neutral regulatory regime for Specialised Gold loan NBFCs, increased penetration in rural geographies via digital onboarding and delivery solutions, successful geographical expansion of gold loans market to Non-South geographies. The key risks to IMaCS' growth projections would be any abrupt/large downward revision in gold prices, any further tightening of the regulatory environment for NBFCs and any significant changes in customers preference from gold loan to other alternative lending products like P2P, microfinance etc.

Gold loan market in India has shown tremendous growth over the last 10 years but has also been marred by few volatile periods. However, with organised gold loan penetration levels below 4% the opportunity available in this market is tremendous. Financial Institutions with the right focus, operational capabilities, availability of funds, innovative products and modern technology can capture a large market share and profitable returns.

OUR BUSINESS

In this section any reference to "we", "us" or "our" refers to Muthoot Fincorp Limited. Unless stated otherwise, the financial data in this section is according to our Audited Consolidated Financials for 2019 or Reformatted Consolidated Financial Information, Reformatted Standalone Financial Information and Audited IND AS Financial Statements prepared in accordance with the requirements of the SEBI Debt Regulations and the Companies Act set forth elsewhere in the Draft Prospectus.

The following information should be read together with the more detailed financial and other information included in the Draft Prospectus, including the information contained in the chapter titled "Risk Factors" on page 17.

Overview

We are, a non-deposit taking, systemically important NBFC registered with the RBI bearing registration no. 16.00170 dated July 23, 2002 under Section 45 IA of the RBI Act. The Company is one of the largest Indian NBFCs engaged primarily in the business of providing personal and business loans secured by gold jewellery and ornaments ("**Gold loans**") *(Source: Gold loans Market in India 2018 - IMaCS Research and Analytics Industry Report ("IMaCS Industry Report 2018")*. Our Gold loan products are structured to serve the business and personal purposes of individuals who do not have ready or timely access to formal credit or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. The Gold loan portfolio of our Company as of June 30, 2019 comprised approximately 28.50 Lakhs loan accounts that were serviced through 3552 branches located across 19 states, union territory of Andaman and Nicobar Islands and the national capital territory of Delhi. As of June 30, 2019, our Company employed 16,923 employees including 356 contracted experts in its operations.

We have been engaged in the Gold loans business for over a decade and are headquartered in Kerala, India. Our Company provides retail loan products, primarily comprising of Gold loans. Our Gold loan products include Muthoot Blue Guide Gold loan, Muthoot Blue Bright Gold loan, Muthoot Blue Power Gold loan, Muthoot Blue Bigg Gold loan, Muthoot Blue Smart Gold loan and 24x7 Express Gold loan. The product of our Company, the "24x7 Express Gold loan" can be utilised by individuals who require quick loans against their gold jewellery and who have an existing loan with the Company. This is a type of top up loan. "Smart Plus Gold loan", the other Gold loan variant of our Company is specifically designed for salaried customers, with tenure of up to 24 months.

For the financial years ended March 31, 2018 and 2017 revenues from our Gold loan business constituted 85.63% and 75.77%, respectively, of our total income on standalone basis as per IGAAP. For the financial the years ended March 31, 2018, and 2017 the gold loan portfolio of our Company earned an interest of ₹1,87,258.25 lakhs and ₹2,05,896.50 lakhs respectively as per IGAAP.

For the financial years ended March 31, 2019 revenues from our Gold loan business constituted 82.86 % of our total income on standalone basis as per Ind AS. For the financial the years ended March 31, 2019 the gold loan portfolio of our Company earned an interest of ₹2,05,896.50 lakhs on standalone basis as per Ind AS.

In addition to the Gold loan business, our Company provides foreign exchange conversion and money transfer services as sub-agents of various registered money transfer agencies. Our Company is also engaged in following business:

i. generation and sale of wind energy through its wind farms located in Tamil Nadu; and

ii. real estate business through joint venture developers of the company owned land parcels;

Main Business of our Subsidiary Companies

Our Company's subsidriaties are engaged in the following businesses:

i. our subsidiary Muthoot Housing Finance Company Limited providing affordable housing loans; and
ii. our subsidiary Muthoot Microfin Limited, providing micro credit facility to aspiring women entrepreneurs;

Our Company is also authorised to act as a depository participant of CDSL as category II.

Our Company is a part of the "Muthoot Pappachan Group" which has diversified business interests ranging from hospitality, financial services, inflight catering, infrastructure for information technology, automobile sales and services and real estate.

Our portfolio of outstanding gross loans under management as of March 31, 2018 was ₹11,44,460 lakhs on a standalone basis as per IGAAP as compared to loans under management of ₹10,34,728 lakhs as of March 31, 2017. Our gross loans under management as of March 31, 2019 was ₹12,08,839 lakhs on a standalone basis as per Ind AS. For the period ended March 31, 2019, our Company held 48.85 tonnes of gold jewellery respectively, as security for all Gold loans.

Our capital adequacy ratio as of March 31, 2019 computed on the basis of applicable RBI requirements was 21.95 % on standalone basis as per Ind AS, compared to RBI stipulated minimum requirement of 15%, with Tier I Capital comprising 14.63%.

Our Gross NPAs as a percentage of total loan assets as per IGAAP was 1.90% and 1.58%, as of March 31, 2018 and 2017 respectively. Our Net NPAs as a percentage of total loan assets as per Indian GAAP was 1.45% and 1.14% as of March 31, 2018 and 2017 respectively. Our Stage 3 Assets as a percentage of total loan assets as per Ind AS was 2.62 % as of March 31, 2019. Our Stage 3 Assets net of Stage 3 Provision as per Ind AS as on March 31, 2019 were 1.17% on a standalone basis.

Our Competitive Strengths

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

The Company is one of the largest Indian NBFCs engaged primarily in the Gold loans business in terms of the size of our Gold loans portfolio. Accordingly, we have extensive experience and a strong brand image and track record in the Gold loans business across India.

We believe that the "Muthoot Pappachan" and the "Muthoot Fincorp" brands are well established in the Gold loans business predominantly in South India. We have been engaged in the Gold loans business for over 17 years (seventeen) and as an NBFC specializing in the Gold loans business, we believe that we have created a niche in the Gold loans market by meeting the expectations of a typical Gold loan customer. Our Company is one of the three largest Indian NBFCs engaged primarily in the Gold loans business in terms of the size of our Gold loans portfolio *(Source: IMaCS Industry Report 2018)*. A typical Gold loan customer expects rapid and accurate appraisals, easy access, low levels of documentation and formalities, quick approval and disbursal of loans, lockers to ensure safety of pledged gold and a team of expert valuers. We believe we meet those expectations. We attribute our growth, in part, to our market penetration, particularly in areas less served by organised lending institutions and the efficient and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which makes us a preferred medium of finance for our customers. Our targeted focus on the otherwise fragmented nature of this market segment, widespread branch network particularly in South India, as well as our large customer base has enabled us to build a strong brand. We also attribute our growth to customer loyalty which in turn leads to repeat business. We believe that a large portion of our customer base returns to us to avail credit facility when they are in need of funds. Our efficient credit approval procedures, credit delivery process and Gold loan products designed to suit the requirements of our customers have also aided in increasing customer loyalty which in turn leads to repeat business.

Widespread Branch Network and Strong Presence in South India

As on June 30, 2019, the Company had 3552 branches located across 19 states, union territory of Andaman and Nicobar Islands and the national capital territory of Delhi, with a significant presence in South India. The customers of the Company are typically retail customers, small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold with us rather than by taking loans from banks and other financial institutions. A significant proportion of the Company's branches are located in rural locations and in semi-urban locations. We believe that we have a wide reach in rural markets as compared with other competition in this category. This reach in rural and semi-urban locations gives the Company an added advantage of being able to reach out to a large set of potential rural customers. Having such a network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers especially potential rural customers. We believe we can leverage on this existing network for further expansion and for fulfilling our customer requirements.

High-quality customer service and short response time

The products and services of the Company are aligned to the lifestyle needs of its customers. We adhere to a strict set of market survey and location guidelines when selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules. Various loan products tailor made for MSME and salaried / household segments are offered. In addition to the physical environment, it is equally important to have professional and attentive staff at both the branch level and at our regional and centralised customer support centers. Each of the Company's branches across India is staffed with persons who possess local knowledge and understanding of customers' needs and who are adequately trained to appraise collateral and disburse loans within a few minutes. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we endeavour to service the customers within a short span of time. Furthermore, since our loans are all over-collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high quality customer service, short response time and different product variants are significant competitive strengths that differentiate our services and products from those provided by commercial banks and other NBFCs.

Access to a range of cost effective funding sources

The Company predominantly access capital/ funding by means of term loans from banks, issuances of redeemable non-convertible debentures on a private and or public placement basis, issuances of commercial paper and cash credit facilities from banks including working capital loans. The Company has in the past issued secured redeemable non-convertible debentures on a private placement basis as a means to access capital/funding for its Gold loan business. The Company utilises funds from a number of credit providers, including nationalized banks and private Indian banks, and its track record of prompt debt servicing has allowed it to establish and maintain strong relationships with these financial institutions. The Company also issued subordinated debt which is considered as Tier II Capital of the Company. The Company has /undertaken securitization/ assignment transactions to increase the efficient use of its capital and as a cost effective source of funds. As of March 31, 2019, the total secured borrowings utilised by the Company aggregated to ₹8,18,544.68 lakhs and unsecured borrowings utilised by our Company aggregated to ₹2,73,028.69 lakhs and outstanding securitization of ₹31,934.46 lakhs (pass through certification).

As on date of the Draft Prospectus, the Company has been assigned CRISIL A (Stable) by CRISIL and "CARE A- stable" rating by CARE for our bank facilities, "CRISIL A/Stable" rating by CRISIL for its various non-convertible debt instruments, "CRISIL BBB+/Stable" rating by CRISIL for its perpetual bonds, and a "CRISIL A1" rating for its short term debt programme. Brickworks has assigned a "BWR A1+" (Outlook: Stable) rating for our short term debt programme and "BWR A" (Outlook: Stable) rating for our perpetual debt instruments.

Experienced senior management team and a skilled workforce

The Board of Directors consists of seven Directors (including the Promoters) with extensive experience in the financial services sectors. The Promoters and key managerial personnel have significant experience and in-depth industry knowledge and expertise. In order to strengthen the credit appraisal and risk management systems, and to develop and implement credit policies, the Company has hired a number of senior managers who have extensive experience in the Indian banking and financial services sector and in specialized finance firms providing loans to retail customers. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

Further, the Company has been successful in attracting, fostering and retaining the best talent. The recruitment and business strategy has been seamlessly aligned right through the years and this strong pool of talent gives the Company a competitive edge in its growth. For recruiting, the Company has a well laid down recruitment policy which includes minimum standards that a prospective candidate should meet. The prospective candidate is rated on various factors like qualifications and academic knowledge, communication skills, family background, experience in relevant field, personality, mental ability and behavioral competencies. The employee welfare initiatives like provident funds, group mediclaim policy etc. ensures a conducive work environment for all. To uphold its performance oriented culture, the Company conducts training programmes and online skill assessments on a periodic basis, continuously monitoring and augmenting the performance level of the employees.

Our Strategies

The business strategy of the Company is designed to capitalize on its competitive strengths and enhance its market position. Key elements of its strategy include:

Further grow our Gold loan business

Historically, Indians have been one of the largest consumers of gold due to the strong preference for gold jewellery among Indian households and its widespread use as a savings instrument. Rural India population views investment in gold as a fallback option in the times of need. As a result, the market for Gold loan financing in India is largely untapped and offers good potential for further growth.

We intend to increase our presence in under-served rural and semi-urban markets, where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical Gold loan customer expects rapid and accurate appraisals, easy access, low levels of documentation, quick approval and disbursement and safekeeping of their pledged gold. We believe we meet those expectations, and thus our focus is to expand our Gold loan business.

Expansion of business into Tier 2 and Tier 3 tows and in select Tier 1 cities across India

In addition to our continuing focus on rural and semi-urban markets in the states that we are present, we are also focusing on opening branches in Tier 2 and Tier 2 towns and in select Tier 1 cities where we believe our business has high growth potential. We carefully assess the market, location and proximity to target customers when selecting branch sites to ensure that our branches are set up close to our target customers. We believe our customers appreciate this convenience and it enables us to reach new customers.

In-house training capabilities to meet our branch expansion requirements

The Company has been continuously investing in developing advanced learning solutions for preparing its employees for the future as well as to equip them with necessary skills to cater to the ever increasing needs of its customers. The training department is functioning under the Department of Training & Development. The department understands that it has a key role to play in keeping the employee's aspirations and organizational goals aligned. They work on the principle that better knowledge helps employees to serve customers better.

To consolidate and expand our branch network

We intend to continue to grow our Gold loan portfolio by expanding our network through the addition of new branches. Our Company is actively working on building a robust distribution strategy for the future, which will be aligned to the unique needs of our customers. We propose to consolidate our network of branches across the country by merging or shifting the unviable branches while strengthening our position in our existing markets with respect to our core Gold loans business. New branches will be opened with a special focus on untapped areas in regions where we already have established our presence and have good potential subject to the approval of the RBI. These branches will be opened after multiple rounds of market evaluation and customer research and will have proximity to high customer activity areas.

Target new customer segments

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

Strengthening our Brand Equity

We believe that our brand enjoys a strong brand image across India and to strengthen the same and to create differentiation for the brand this year we have unveiled new brand identity **"Blue is Belief"** The new branding signifies our company's unchanging values of excellence, collaboration and integrity, all focused on gaining and maintaining the trust of its stakeholders especially its customers. These values signify the Group's undeterred focus on serving the common man and his needs, while reinforcing its commitment to growth through new ventures and new services and product offerings. As a part of this transformation, we have roped in Vidya Balan as our brand ambassador, to drive greater awareness around its offerings that are focused on empowering human ambitions, by way of meeting the lifecycle needs of this customer segment.

The quintessential Muthoot Pappachan Group customer is the common man, who despite all odds, continues to dream big and thrives through life's challenges. We believe it is this indomitable spirit, that will inspire and define the future of the nation. The new campaign therefore dedicates **- "Blue Soch"** – that symbolises progressive thinking of this set of customers who demonstrate hard work and determination along with firm self-belief in the face of adversity. This self-belief also comes alive in the new brand philosophy **-** "**Blue is Belief**". It reflects limitless possibilities and endless opportunities as reflected through the blue sky and the blue ocean, both of which portend the vast bounties of nature, unconstrained and unfettered by any limitations.

Continue to implement advanced processes and systems

We have invested and continue to invest in latest technology systems and processes to create a stronger organization and ensure good management of customer credit quality. Our information technology strategy is designed to increase our operational and managerial efficiency. This year we have planned to upgrade our CRM systems to serve our customers with even better services and faster turnaround time. With this system we have planned to integrate all our group company systems to provide One Muthoot Blue Customer experience.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the Gold loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. 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. We have internal audit systems which consists of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and gold appraisal. In accordance with our internal audit policy, all of our branches are subject to surprise gold audit every month and accounts audit once in very four months. Further the staffs are strictly advised to make the acid test, sound test etc., at the time of making the pledge for checking whether the ornament is of acceptable quality or not. For example, we have commenced installing offsite surveillance cameras in our branches and intend to implement this across our branch network. Tamper evident envelopes have also been introduced in all branches across the country to reduce frauds.

We have invested in our technology systems and processes to create a stronger organization and ensure good management of customer credit quality. Our information technology strategy is designed to increase our operational and managerial efficiency. We continue to implement technology led processing systems to make our systems and processes more efficient to augment the benefits of our relationship based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, monitor our process and performance and improve our risk management capabilities.

Please see sections *titled "Risk Factors" and "Outstanding Litigation and Defaults" on pages 17 and 408 respectively*.

Key Operational and Financial Parameters on an unconsolidated basis

The table below sets out the key operational and financial parameters of the Company on standalone basis for the Fiscal 2018 and 2017, calculated as per Indian GAAP:

(₹ in lakhs)

Sr. No.	Particulars	Fiscal 2018	Fiscal 2017
1.	Net worth	1,79,559	1,68,714
2.	Total Debt of which:		
	- Non-current maturities of Long Term Borrowing	2,80,484	3,04,068
	- Short Term Borrowing	7,68,507	6,57,340
	- Current Maturities of Long Term Borrowings	1,36,262	1,33,988
3.	Net Fixed Assets	53,302	56,889

Sr. No.	Particulars	Fiscal 2018	Fiscal 2017
4.	Non-Current Assets	1,27,620	1,42,063
5.	Cash and Cash Equivalents	32,461	40,788
6.	Current Investments	1,679	1,433
7.	Current Assets	13,22,524	12,06,084
8.	Current Liabilities	9,58,361	8,36,782
9.	Assets under Management	11,44,460	10,34,728
11.	Interest Income	210,425	195,993
12.	Interest Expense	1,10,002	1,07,758
13.	Provisioning and Write-offs	2,574	1,735
14.	Profit after Taxation ("PAT")	15,153	11,607
15.	Gross NPA (%)	1.90%	1.58%
16.	Net NPA (%)	1.45%	1.14%
17.	Tier I Capital Adequacy Ratio (%)	14.58%	14.10%
18.	Tier II Capital Adequacy Ratio (%)	7.62%	7.32%

The table below sets out the key operational and financial parameters of the Company for the Fiscal 2019:as per Ind AS

(₹ in lakhs)

Sr. No.	Particulars	Fiscal 2019
1.	Net worth	2,80,196.71
2.	Total Debt of which:	
	– Non-current maturities of Long Term Borrowing	2,79,464.18
	– Short Term Borrowing	7,42,712.53
	– Current maturities of Long Term Borrowings	1,01,331.12
3.	Net Fixed Assets	50,104.97
4.	Non-Current Assets	3,21,055.23
5.	Cash and Cash Equivalents	25,389.37
6.	Current Investments	3,417.70
7.	Current Assets	12,30,734.41
8.	Current Liabilities	9,16,021.08
9.	Assets under Management [1]	12,08,838.75
10.	Interest Income	2,27,773.81
11.	Interest Expense	1,26,452.06
12.	Provisioning and Write-offs	2,638.88
13.	Profit after Taxation ("PAT")	15,545.85
14.	Gross NPA (%) [2]	2.62%
15.	Net NPA (%) [3]	1.17%
16.	Tier I Capital Adequacy Ratio (%)	14.63%
17.	Tier II Capital Adequacy Ratio (%)	7.32%

[1] Assets under Management includes the Gross Total Loan Assets & Interest accrued on loans, before provision for impairment and is net of unamortised processing fee.
[2] Gross NPA (%) is the proportion of Stage 3 Loan Assets to the Gross Total Loan Assets including Interest accrued on loans and net of unamortised processing fee
[3] Net NPA (%) is the proportion of Stage 3 Loan Assets less Stage 3 ECL Provision on Loan Assets, to the Gross Total Loan Assets including Interest accrued on loans less unamortised processing fee

Key Operational and Financial Parameters on a consolidated basis

The table below sets out the key operational and financial parameters of the Company on consolidated basis for the Fiscal 2019, 2018 and 2017:

(₹ in lakhs)

Sr. No	Particulars	Fiscal 2018	Fiscal 2017
1.	Net worth	2,31,019	1,80,337
2.	Total Debt of which:		

Sr. No	Particulars	Fiscal 2018	Fiscal 2017
	- Non-current maturities of Long Term Borrowing	428,505	417,128
	- Short Term Borrowing	7,68,754	6,57,741
	- Current Maturities of Long Term Borrowings	2,26,342	1,80,387
3.	Net Fixed Assets	56,074	58,435
4.	Non-Current Assets	2,51,457	2,19,860
5.	Cash and Cash Equivalents	95,323	76,810
6.	Current Investments	1,679	1,433
7.	Current Assets	15,06,941	13,17,732
8.	Current Liabilities	10,65,926	9,00,277
9.	Assets under Management	13,95,383	11,87,717
10.	Interest Income	260,134	224,185
11.	Interest Expense	1,31,700	1,19,965
12.	Provisioning and Write-offs	5,306	2,563
13.	Profit after Taxation (“PAT”)	23,817	15,796

The table below sets out the key operational and financial parameters of the Company on consolidated basis for the Fiscal 2019 as per Ind AS:

(₹ in lakhs)

Sr. No	Particulars	Fiscal 2019
1.	Net worth	2,58,905.66
2.	Total Debt of which:	
	– Non-current maturities of Long Term Borrowing	4,70,090.47
	– Short Term Borrowing	7,46,212.75
	– Current maturities of Long Term Borrowings	2,42,690.28
3.	Net Fixed Assets	53,817.48
4.	Non-Current Assets	3,52,305.87
5.	Cash and Cash Equivalents	95,902.14
6.	Current Investments	3,417.71
7.	Current Assets	14,85,303.35
8.	Current Liabilities	10,76,615.51
9.	Assets under Management *	15,82,450.68
10.	Interest Income	2,93,225.92
11.	Interest Expense	1,57,755.43
12.	Provisioning and Write-offs	5,760.56
13.	Profit after Taxation (“PAT”)	37,261.16

** Assets under Management includes the Gross Total Loan Assets & Interest accrued on loans, before provision for impairment and is net of unamortised processing fee.*

Debt Equity Ratio

For details of the debt-equity ratio of our Company, see “*Capital Structure*” beginning on page 50 of this Draft Prospectus.

Loan-Book as on March 31, 2018 and March 31, 2019

The product-wise loan book of the Company as on March 31, 2018 and March 31, 2019 as per Ind AS is as follows:

Particulars	Total Book Size (%)		% of Total Book Size (%)	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Gold loan	10,57,809	10,63,874	88%	88%
Other Loan Receivables	1,51,030	1,43,231	12%	12%
Total	**12,08,838**	**12,07,105**	**100%**	**100%**

Our Company's Business

Gold loans

Our core business is disbursement of Gold loans, which are typically small ticket loans secured by the pledge of gold jewellery. As of March 31, 2019, we had approximately 28,50,613 Gold loan accounts, aggregating to ₹10,57,809 lakhs, which comprised 87.51% of our total loan portfolio. For the financial years ended March 31, 2018 and 2017 revenues from our Gold loan business constituted 85.63% and 75.77% respectively, of our total income, on a standalone basis as per IGAAP. For the financial years ended March 31, 2019 revenues from our Gold loan business constituted 82.86% of our total income on a standalone basis as per Ind AS.

For the financial years ended March 31, 2018 and 2017, our Gold loan portfolio yield (representing interest income on gold loans as a percentage of average outstanding of Gold loans), were 19.37% and 19.64% respectively, per annum on a standalone basis as per IGAAP. For the financial years ended March 31, 2019, our Gold loan portfolio yield (representing interest income on gold loans as a percentage of average outstanding of Gold loans), were 21.07%, per annum, on standalone basis as per Ind AS.

Loan disbursement process

Initial Evaluation and Loan Origination Process

The principal form of security that we accept is wearable, household, used, gold jewellery. While these restrictions narrow the pool of assets that may be provided to us as security, we believe that it provides us with the key advantages. It filters out spurious jewellery that may be pledged by jewellers and goldsmiths. We find that household, used jewellery is less likely to be spurious or fake. The emotional value attached by each household to the pledged jewellery acts as a strong incentive for timely repayment of loans and revoking the pledge. As we only accept the pledge of household jewellery, the value of the pledged gold is typically only as much as the worth of gold that is owned by an average Indian household. This prevents our exposure to large sized loans where the chances of default and subsequent losses are high.

The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by our Gold loan customers based on our centralized policies and guidelines. We lend up to 75% of the 22 carat gold price based on 30 day average Mumbai Bullion Association price of 22 carat gold as per the recent RBI guidelines. While accepting the gold as collateral, as per the applicable regulatory norms, the Company gives a certificate of estimated purity of the appraised gold to the customer. If the gold is of purity less than 22 carats the Company translates the collateral into 22 carat and specifies the exact grams of the collateral. In other words, jewellery of lower purity of gold is valued proportionately. The certified purity is applied for determining the maximum permissible loan and the reserve price for auction. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the gold jewellery solely based on its gold content. Our Gold loans are therefore generally well collateralized because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed.

The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. However, an increase in the price of gold will not automatically result in an increase in the value of gold brought in by potential customers unless the rate per gram is revised by our corporate office. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans on average, a decrease in the price of gold generally has little impact on our interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold loans in our loan portfolio and interest income.

Gold loans are sanctioned only to genuine borrowers. Before sanctioning the Gold loan, the branch manager takes all precautions to ensure that the applicant, pledging the ornaments, is the owner of those ornaments and that the borrower is genuine. The branch manager obtains ID proof and photograph of the borrower and makes reasonable enquiry about the residence, job, personal details, ownership of the ornaments etc. and makes a note in the pledge form. We also undertake a field verification to authenticate the genuineness of the borrower in case of high value Gold loans. Since the disbursement of loans is primarily based on the value of collateral, the customer's creditworthiness is not a factor in the loan decision. However, we comply with 'know your customer' ("**KYC**") norms adopted by the Board of Directors and require proof of identification and address proof. Compliance with the KYC policies ensures that the personal data provided by a particular customer is accurate. We also photograph customers with web-cameras installed in our branches at the time of each pledge. For all loans, the customer must produce the original document that confirms the customer's identity and address, which could be a Government issued document, such as a passport, driver's license, Permanent Account Number ("**PAN**") card, election card or ration card. The KYC details (including proof of identity and the customer's photograph) are maintained electronically at every branch. The unique customer identification code (UCIC) provided to every customer ensures that the customer need not provide the ID proof again in future instances. For loans above ₹5,00,000 and below ₹10,00,000, the customer's gold is checked for its authenticity by our team of gold inspectors in the immediate vicinity or senior staff in nearby branch, followed by a background verification by the vigilance team after disbursal of the loan. For loans above ₹10,00,000 the gold is inspected by a gold inspector and the background of the customer is checked by our vigilance team before disbursal of the loan. Pursuant to the circular dated September 16, 2013 issued by the RBI, Gold loan NBFCs have been mandated to insist on a copy of the PAN card of the borrower for all transactions above ₹5,00,000. Further, where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. Our internal policies have been suitably modified.

Loan Approval process

The first step in the process is the appraisal and evaluation of the gold to be used as security for the Gold loan. Each of our branches has designated personnel for gold appraisal who operate in accordance with a clear policy regarding their function and responsibilities. The initial appraisal is performed by a trained employee who has experience in appraising the gold content of jewellery. The initial appraisal is then verified by another trained employee. This process involves several principal tests, which include the nitric acid test, the touchstone test and filling test. For loans above ₹5,00,000 and below ₹10,00,000, the customer's gold is checked for its authenticity by our team of gold inspectors in the immediate vicinity or senior staff in nearby branch, followed by a background verification by the vigilance team after disbursal of the loan. For loans above ₹10,00,000 the gold is inspected by a gold inspector and the background of the customer is checked by our vigilance team before disbursal of the loan. The gross weight of the gold jewellery is determined by weighing the jewellery. An amount in connection with the purity of the gold as also the weight is deducted from the gross weight to arrive at net weight. We have determined a constant percentage deduction that applies depending on the purity of the gold, which is based on the proportion of gold contained in the jewellery in relation to other metals. As purity decreases, the percentage deduction to the gross weight for arriving at the net weight increases. The weight of stones and other material that is embedded in the jewellery is also deducted from the gross weight to determine the net weight.

During the appraisal and evaluation, the customer fills the application form in his handwriting. Details required in the application form in connection with the gold purported to be provided as security are thereafter recorded by an appraiser after the gold has been appraised and evaluated. The application is then signed by both the customer and the appraiser/staff. The pledge form is then printed, one copy is maintained with the branch, and one copy is handed over to the customer. The disbursement of the loan from our branches at this stage is immediate. Loans of Rs 2,00,000 and above are disbursed only by way of bank transfer or cheque. The gold items are then packed and immediately stored in the strong room. We also have an option of transferring the amount to the customer's bank account for loans less than ₹2 lakh. Our Company provides loans up to 75.00% of the value of the gold jewellery based on the 30 day average Mumbai Bullion Association price of 22 carat gold as per the recent RBI guidelines. The remainder 25.00% is set aside as margin for the loan extended

Post disbursement process

Custody of gold collateral

The Gold ornaments pledged by the customers are kept in specially made tamper evident envelopes supplied to the branches for this purpose and then in plastic cover and then kept in a brown cover and sealed with a numbered sticker made for this purpose. The sticker no. is also entered in the system at the time of pledge. The details of the ornaments like item description and weight are noted on the packets. These ornaments are appraised by the appraiser and verified by the branch manager and joint custodian. The packets are then kept inside steel almirahs with a dual lock system in the strong room. When the packets/covers are kept inside, entry is made in the securities register which is also kept inside the strong room. In some of our branches where sufficient space is not available for building a strong room, the gold ornaments are stored in safes. The safes and strong rooms in which the gold jewellery is kept are built as per industry standards and practices. Pursuant to the circular dated September 16, 2013 issued by the RBI, the business of granting loans against the security of gold cannot be transacted at places where there are no proper facilities for storage/security of the gold jewellery. Further, no new branches can be opened without suitable storage arrangements having been made thereat.

Inventory control

The ornaments pledged are stored in serially numbered packets and entry is made in securities register under the joint signatures of the branch manager and the joint custodian. Entries are also made in this register at the time of release of the pledged ornaments. The cumulative number of packets inside the strong room as per the securities register is verified and tallied with the consolidated stock statement generated from the system at the end of the day, on a daily basis. The stock statement is also verified and tallied with the general ledger on the last working day of the month and at the time of internal audit and gold inspection.

Branch security and safety measures

Ensuring the safety and security of the branch premises is vital to our business since our cash reserves and gold inventory are stored in each branch. Our branch security measures mainly comprise the following:

1) Strong rooms where the gold ornaments and cash are kept are constructed as per RBI specifications.

2) Majority of our branches are provided with burglar alarms and fire alarms.

3) Security guards are deployed in 800 branches on the basis of potential security risks.

4) Surveillance systems consisting of CCTV cameras have been installed in a majority of our branches.

5) We have introduced ERT (Emergency Response Team) to ensure security of our branches and currently they cover about 1,900 branches, during night times. Each ERT will have 3 members, 2 guards & a driver (who will also perform the function of a guard). Each team will be entrusted with a cluster of branches of about 15 to 20 & these branches will be visited during night time. The ERT will move around the branches in a four wheeler and check the surrounding for security purposes. The two guards and the driver of the vehicle have been given basic training for effective security work. The vehicles used by ERT are fixed with GPS system which will help in tracking their movements. The system has also helped in reducing cost of manned security.

6) A 24 hour control room functions in our Corporate Office in addition to 8 regional control rooms located in South India and another regional control room in Mumbai to monitor branch security and safety through CCTVs.

Collection and Recovery Processes

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

Our Company has an internal collection process wherein a customer is intimated by means of short messaging service and phone calls in the event of defaults in repayment in a timely manner. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose off the pledged gold to recover the amount owed to us, including both the principal and accrued interest. Before initiating the recovery process, we inform the customer through registered letters or legal notices. We advise and encourage the customers to service the interest regularly to avoid migration of interest rates to higher slabs. Gold ornaments pledged with the company, if not redeemed within a period of 9 months / 12 months from the date of pledge, will be disposed by the company by way of public auction, after the expiry of 9 months/ 12 months(as the case may be) and seven days of grace. The Company will give due notice of auction to the customer by way of registered post/courier at least 15 days before the date of auction. Details about the auction will be published in a vernacular newspaper and also in a national daily.

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

1) Auction should be conducted in the same town or taluka in which the branch that has extended the loan is located;

2) While auctioning the gold, NBFCs have been mandated to declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by BBA and value of the jewellery of lower purity in terms of carats should be proportionately reduced;

3) NBFCs have been mandated to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower; and

4) NBFCs shall disclose in their annual reports, the details of the auctions conducted during the Financial Year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Apart from Gold loans, we also provide financial assistance to micro MSMEs for their working capital needs which is known as "Muthoot Small Business Loans"

The features of MSME small business loans are given below:

These are business loans where target customers engaged in micro business sector (micro & small sectors) mostly in trading and service sectors. MSME loans offer a maximum loan amount of ₹15,000 and ₹500,000 respectively for various fund requirements like working capital needs, expansion of business etc. at nominal rates of interest and with daily instalment or monthly instalment options. MSME Small business loans are tailor made to manifest company's vision to assist the common man to fulfil their business dreams and would contribute to the larger cause of financial inclusion.

Particulars of scheme	EDI Loans	EMI Loans
Description	Daily instalment product designed to help small shops, which collect cash on daily basis	Equated monthly installments loans are designed for small business which have one or more business cycles in a month
Target Customers	Very small proprietary concerns viz, kirana shops, medical shops, smaller cloth shops etc. which primarily transact in cash and doesn't have enough documentation to prove business turnover and business vintage is above 2 year	Small proprietary concerns viz, kirana shops, medical shops, cloth merchants etc. which have bank transactions and have working capital cycle ranging from 15 days to 2 months
Type of facility	Short Term Loan- Unsecured loan for 122 days tenure with 104 EDI payments for purpose of purchasing more inventory	EMI loans ranging from 6 months to 36 months, unsecured (hypothecated against stocks) for the purpose of business expansion
Repayment Mode	Repayment to be made in Equated Daily Instalment (EDI)	Repayment in Equated Monthly Instalment (EMI)
Important Benefits to Borrowers	Easy to avail at nearest branch, fast processing and collection in cash on daily basis making it easier to repay faster	Availed through branches, fast processing and collection through NACH, making the loan hassle free
Minimum Loan Amount	₹15,000	₹50,000
Maximum Loan Amount	₹300,000	₹8,00,000
Instalment Payment	EDI; cash collection by branch staff	EMI, NACH facility available
Minimum Loan Tenure	104 EDI to be paid in 122 days	6 months
Maximum Loan Tenure	104 EDI to be paid in 122 days	36 months

Other Business Initiatives

Money Transfer and Foreign Exchange Conversion Services

We provide feebased services including money transfer and foreign exchange services. For the financial years ended March 31, 2018 and 2017 our money transfer and foreign exchange services business generated ₹1,425 lakhs and ₹1,508 lakhs respectively, or 0.65% and 0.72%, respectively, of our total income on a standalone basis as per IGAAP. For the financial years ended March 31, 2019, our money transfer and foreign exchange services business generated ₹1,203.89 lakhs, or 0.49% of our total income on a standalone basis as per Ind AS. We act as direct agents for Western Union Money Transfer and as sub-agents to Indian representatives and enter into representation agreements for inward money transfer remittance. Under these agreements, we are entitled to receive a commission for the services provided depending on the number of transactions or the amount of money transferred and the location from which the money is transferred to us.

Wind Energy

Our Company is also engaged in the generation and sale of wind energy through our wind farms located in Tamil Nadu. We operate 19 wind turbine generators in the state of Tamil Nadu with a total installed capacity of more than 24 megawatts. For financial years ended March 31, 2018 and 2017 income from our wind mills business was ₹1,198 lakhs and ₹1,173 lakhs, respectively, or 0.55% and 0.56% respectively, of our total income on a standalone basis as per IGAAP. For financial years ended March 31, 2019 income from our wind mills business was ₹1,076.44 lakhs, or 0.43% respectively, of our total income on a standalone basis as per Ind AS.

Other loans

Our Company has in the past disbursed loans secured against non-convertible debentures of the Company held by customers (issued on a private placement basis). However, pursuant to the guidelines on private placement introduced by the RBI, we will no longer be able to disburse such loans. As on March 31, 2019, ₹9.38 lakhs out of such loans remained outstanding. Further, our Company has also disbursed certain loans secured by a charge over immovable property. As on March 31, 2019, ₹6,812.81 lakhs out of such loans remained outstanding.

Third party businesses

Pursuant to agreements entered into between the Company and some of its Group entities, the Company's branches/ premises and officials are utilised in connection with the business operations of the Group entities such collection and disbursal of loans and sale of jewellery etc. The Company is entitled to a specific fee/ commission pursuant to these agreements. For further details, see section titled "*History and Certain Corporate Matters – Material Agreements*" and "*Financial Statements*" on pages 91 and 120, respectively.

Our Company's Operations

Business Outlet Network

Over the years our Company has established a pan-India presence, with 3552 branches located across 19 states, union territory of Andaman and Nicobar, and the national capital territory of Delhi (as of June 30, 2019), with a significant presence in south India. The distribution of branches across India by region as of June 30, 2019, March 31, 2019, 2018 and 2017 is as set out in the following table:

	As of	As of March 31,		
State	**June 30, 2019**	**2019**	**2018**	**2017**
Andaman & Nicobar	4	4		
Assam	3	3	3	-
Andhra Pradesh	316	332	333	325
Delhi	107	105	101	93
Goa	11	11	10	10
Gujarat	105	105	105	107
Haryana	64	64	60	60
Karnataka	546	544	547	531
Kerala	827	827	872	881
Madhya Pradesh	34	34	33	29
Maharashtra	192	191	187	181
Orissa	39	39	32	17

State	As of June 30, 2019	As of March 31, 2019	2018	2017
Andaman & Nicobar	4	4		
Assam	3	3	3	-
Punjab	56	52	51	46
Rajasthan	53	53	51	49
Tamil Nadu	807	807	841	844
Telangana	263	241	245	230
Uttar Pradesh	48	46	42	43
Uttarakhand	3	3	3	2
West Bengal	73	69	54	33
Total	**3,551**	**3,530**	**3,570**	**3,481**

As of June 30, 2019, the Company employed 16,923 employees including 356 contracted experts in its operations. Most of our branches operate with one branch manager and at least three customer service executives depending upon the transaction volumes in that branch. In addition to the customer service executives, certain branches also have a relationship manager. Further, each branch falls under the purview of an area manager, such area manager being in charge of a group of branches. The area managers report to a regional manager and all the regional managers in a particular State report to the relevant Zonal head.

The core role of each of our branches is to co-exist as sales cum servicing points for all the needs of our Gold loan customers. The branch manager and the senior most customer care executive act as the joint custodian for such gold jewellery. All our branches are computerized and connected with our central server located at Bangalore

Key Strategic Initiatives

The training department has been remodeled as below:

Induction Program: Gurukul –A combination of classroom and branch trainings. Induction training will be provided to all new joiners to acquaint them with the Group, its activities and the products we offer to our customers along with understanding on processes, regulatory aspects including training on handling customers.

(1) **Branch hiring**: Staff will undergo branch training in a structured manner in selected vintage branches under the mentorship of experienced performing branch managers. The branch managers will be given detailed guidelines on branch training for each day and their feedback and assessment is taken before calling the new joiners for Gurukul. The induction program called Gurukul is a 6 day classroom training which will be handled by full time trainer supported by part time trainers who are vintage branch managers as well as respective product owners wherever available.

(2) **Corporate hiring**: All corporate staff have to undergo Gurukul along with branch experience for one week.

The company has an in house developed Learning Management System Module which contains details of all products and processes. This is being revamped now to include the following additional features in order to make learning more attractive and user friendly through the module:

i. Enhanced front end design to make it more user friendly.
ii. Quick learning material searches – where employees can easily search for any products, process, daily materials, notifications, etc based on keywords.
iii. Enhanced notifications – New updates, daily materials pending views will be notified to the employee.
iv. Interactive chat box – where employees can clear any doubts/clarifications which will be answered by our inhouse trainers timely.
v. Credit point system – which assesses an employee’s learning level based on daily material tests, refresher training tests and attendance in training, learning material test (to be launched soon) which is done monthly, half yearly and annually.
vi. Online exams for all existing and new courses which are mandatory for all employees.
vii. Product explainer videos, process animation videos are introduced for visual learning/e-learning.

The IT department is also developing a mobile application wherein the employees can access information on the company policies and products from their mobiles key features of which are as follows:

1. Products details as one-pager secure content to view anytime anywhere.
2. Interactive gaming quiz to make for interesting learning of products and services.
3. Credit score details, chat box details and notifications from LMS are synchronized with mobile app.
4. Micro videos and explainer videos related to products and services are added for quick learning.

Refresher Training

Ongoing continuous classroom trainings conducted by on roll trainers and seasoned brand managers and central office functionaries as per their area of expertise. We have scheduled refresher trainings every Tuesday and Friday in all training centres for which services of part time trainers are also used wherever available. Presently we have 20 full-time trainers and around 185 part time trainers. All employees have to mandatorily undergo two refresher trainings a year, which have been completed pan India.

Specialized Training

We provide specialized training for employees joining specific function/ roles or department. The department organises external trainings for legal, HR, audit and IT departments.

We also facilitate basic and advanced excel training for selected staff of corporate office.

Content on Information Security was shared with all staff pan India *via* LMS based on which an assessment was done. Behavioural Skills training for corporate office staff, area managers, and regional managers have been completed pan India.

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plan ensures the visibility and reach of our Muthoot brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. For the financial years ended March 31, 2018 and 2017, our total advertisement expenditure was ₹3,755 lakhs and ₹4,726 lakhs, respectively on a standalone basis as per IGAAP. For the financial years ended March 31, 2019, our total advertisement expenditure was ₹5,452.98 lakhs on a standalone basis as per Ind AS.

In promoting our brand, our advertisement campaigns focus on "**Believe in Blue**", to differentiate our loan products from other NBFCs and financial institutions and emphasize the convenience, accessibility and expediency of Gold loans.

Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of stringent credit evaluation tools, limiting customer exposure, and direct interaction with customers. In addition to our credit evaluation and recovery mechanism, our asset-backed lending model and adequate asset cover has helped maintain low gross and net NPA levels. Our assets under management and net NPAs for each segment of our business are as follows:

(₹ in lakhs)

Particulars (as per IGAAP)	As at March 31, 2017	As at March 31, 2018
Assets under Management for Gold loan	9,05,230	10,01,556
Assets under Management for Other Loans	1,29,498	1,42,904
Total	**10,34,728**	**11,44,460**
Net Non-performing assets	**11,749**	**16,637**

(₹ in lakhs)

Particulars (as per Ind AS)	As at March 31, 2019
Assets under Management for Gold loan	10,57,809
Assets under Management for Other Loans	1,51,030
Total	**12,08,838**
Net Non-performing assets	**14,132**

The following table sets forth, at the dates indicated, data regarding our NPAs:

(₹ in lakhs)

As per IGAAP	As of March 31, 2017	As of March 31, 2018
Gross NPA	16,371	21,765
Net NPA	11,749	16,637
Gross NPA as a percentage of Total Loan Book	1.58%	1.90%
Net NPA as a percentage of Total Loan Book	1.14%	1.45%

(1) *Sub-standard assets are assets which have been classified as non-performing asset for a period not exceeding 18 months, or where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. Provided that the period 'not exceeding 18 months' shall be 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.*

(2) *Doubtful assets are assets which remains a sub-standard asset for a period 'exceeding 18 months' shall be 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.*

(3) *Loss assets mean (a) assets which have been identified as a loss asset by us or our internal or external auditor or by the RBI to the extent that they are not written-off by us; and (b) assets which are adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security, or due to any fraudulent act or omission on the part of the customer.*

Provisioning policy with respect to Non-Performing Assets

Our Company's provisioning policy was as per the RBI prudential norms up to FY2017-18. However, on transition to Ind AS, the Company is bound to follow the Expected Credit Loss model as per Ind AS norms to provide for Impairment of Loan Assets. Accordingly, the Ind AS financials as of FY19, with the transitioned figures as on 1 April 2017 and 31 March 2018 have been worked as per the ECL model.

Funding Sources

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loans from banks and financial institutions, cash credit/ working capital demand loans/ short term loans from banks, issuances of (i) redeemable non-convertible debentures; (ii) subordinated debt instruments; (iii) perpetual debt instruments; and (iv) short term commercial paper and inter-corporate deposits, and assignment and securitization of gold loan in addition to equity infused by the Promoters.

As of March 31, 2019, the total secured borrowings utilised by the Company aggregated to ₹8,50,479 lakhs including Securitization of ₹31,934.46 lakhs (pass through certification) and unsecured borrowings utilised by the Company aggregated to ₹2,73,029 lakhs.

The following table sets forth the principal components of our secured loans **as per Ind AS** of the dates indicated**:**

(₹ in lakhs)

Secured Loans	March 31, 2019	March 31, 2018	March 31, 2017
Redeemable non-convertible debentures	24,119	55,574	1,30,668
Compulsorily Convertible Debentures	Nil	Nil	Nil
Term loans:			
Term loans from banks	78,073	93,800	64,497
Term loans from other parties	4,262	Nil	15
Working Capital Loan and Overdraft from Banks	7,10,778	7,68,152	6,56,888
Finance Lease Obligations	1,313	Nil	Nil
Loans repayable on demand from Other Parties (PTC)	31,934	Nil	Nil
Total	**8,50,479**	**9,17,526**	**8,52,067**

The following table sets forth the principal components of our unsecured loans **as per Ind AS** as of the dates indicated.

(₹ in lakhs)

Unsecured Loans	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Inter-corporate deposits	Nil	Nil	Nil
Subordinated debt	2,46,979	2,40,836	2,28,365
Perpetual debt instrument	26,049	26,008	14,400

Unsecured Loans	As of		
	March 31, 2019	March 31, 2018	March 31, 2017
Commercial paper	Nil	Nil	Nil
Total	**2,73,029**	**2,66,844**	**2,42,765**

Increasingly, we have depended on loans from banks the issue of redeemable non-convertible debentures the issue of subordinate debt and assignment securitization as the primary sources of our funding. We believe that we have developed stable long term relationships with our lenders and established a track record of timely servicing of our debts, and have been able To secure concessionary /competitive interest rate from the lenders to bring down the cost of borrowings

As of March 31, 2019, term loans from banks aggregated to ₹78,073 lakhs, as compared to ₹93,800 lakhs as of March 31, 2018 i.e. net decrease of ₹15,727 lakhs. As of March 31, 2019, the aggregate outstanding amount of secured redeemable non-convertible debentures was ₹24,119 lakhs as compared to ₹55,573 lakhs as of March 31, 2018 i.e. net decrease of ₹31,454 lakhs.

Our short term fund requirements are primarily funded by cash credit from banks including working capital loans. Cash credit from banks including working capital loans outstanding as of March 31, 2019 was ₹7,10,778 lakhs compared to ₹7,68,152 lakhs as of March 31, 2018. As of March 31, 2019, our outstanding subordinated debt amounted to ₹2,46,979 lakhs, compared to ₹2,40,836 lakhs as of March 31, 2018. Based on the balance term to maturity, as of March 31, 2019, ₹1,00,309 lakhs, (up to 50 % of the Tier 1 capital) of the subordinated debt is considered as Tier II Capital.

Capital Adequacy

We are subject to the capital adequacy ratio ("**CAR**") requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15.00% based on our total capital to risk-weighted assets. Further, for a NBFC primarily engaged in lending against gold jewellery such as us, we are required to maintain a minimum Tier I Capital of 12.00%. We had a capital adequacy ratio of 21.95%, 22.20% & 21.42% for the financial years ended March 31, 2019, 2018 and 2017 computed based on Ind AS financials for the year ended March 31, 2019 and as per IGAAP financials for the years ended March 31, 2018 & March 31, 2017 respectively.

Risk Management

Risk management forms an integral element of our business strategy. At an entity level, the objective of risk management is to align the risk appetite of our Company with its strategy. At an operational level, it is intended to enable our Company to make consistent business and operational decisions across all units and departments within the broad risk appetite of our Company. The major risks we face are credit risk, collateral risk, market risk, interest rate risk, liquidity risk and operational risk.

Credit risk

Credit risk is the risk of loss due to the failure of counterparty in meeting its obligations in accordance with agreed terms. Our Company's credit risk arises from the loans that it extends to its borrowers. The management of credit risk starts with robust procedures for approval of the rate per gram used to calculate the loan amount and appraisal of the collateral. However, the risk is minimized since all loans are granted against the collateral of gold jewellery which can be liquidated with relative ease to recover all amounts due to our Company.

Collateral risk

Collateral risk arises from a decline in the value of the gold collateral due to fluctuation in gold prices. Our Company has an ongoing process whereby the lending rate per gram of gold is calculated at the average of the closing price of 22 carat gold for the preceding 30 days on quote by Bombay Bullion Association (BBA), which is provided by AGLOC We are currently maintaining a loan to value of 75.00%, in accordance with the directions issued by RBI.

Market risk

Market risk is the risk that the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors. Our Company has a very small investment portfolio and does not trade in equities or other financial instruments. The Company's foreign currency operations are restricted to the sale and purchase of currencies from retail customers, purchases being made on a need basis and currency receipts being sold in the market within a short time. Our Company is therefore not exposed to a significant market risk.

Interest rate risk

Interest rate risk refers to the impact that fluctuating interest rates may have on the net interest margin. Our Company's interest rate exposure is not significant, considering that most of its fixed interest earning assets have an average maturity period of three to four months only while a major part of its interest bearing liabilities are not expected to be repriced significantly during the period.

Liquidity risk

Liquidity risk is the risk of being unable to raise necessary funds from the market to meet operational and debt servicing requirements. Liquidity is managed by monitoring short to medium term forecasts of business growth, estimation (based on historic data) of the risk of potential liabilities and our Company's other debt service obligations. Typically, the average tenor of our Company's lending portfolio is three to four months whereas the liabilities are of a longer term.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Our Company has laid down detailed policies and procedures for all its operational activities including a manual of instructions for all activities performed at the branches. All strong rooms, which are built according to RBI specifications at the branches are under dual/joint custody. The company has introduced tamper evident envelopes in all the branches across the country. The tamper evident envelope is expected to bring about a higher degree of safety to the gold pledged with us by our customers.

A centralised team of internal auditors and gold inspectors perform regular and surprise reviews and inspections at all locations and follow up with the management on all audit observations until these are satisfactorily resolved. In accordance with our internal audit policy, all of our branches are subject to periodic inspection. Feedback is provided to the operations department and the process management team on all process improvement/enhancement issues. Each branch data is reviewed centrally. Exceptions or deviations that are identified through the use of automated software are discussed and followed up with the respective branches. Our Company places emphasis on the development of its employees through a formal training and induction process after recruitment and a continuous learning process through various means including e-learning. We also continuously review and enhance operational processes as part of our continuous improvement philosophy.

Credit Rating

We have been assigned CRISIL A (Stable) by CRISIL and "CARE A- stable" rating by CARE for our term loan facilities, cash credit and working capital limits, "CRISIL A/Stable" rating by CRISIL for our various non-convertible debt instruments, "CRISIL BBB+/Stable" rating by CRISIL for its perpetual bonds and a "CRISIL A1" rating for our short term debt programme. Brickworks has assigned "BWR A+" for our various non-convertible debt instruments including subordinated debt and a "BWR A" rating for our perpetual debt instruments. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. For instance, CRISIL had on November 22, 2016, downgraded its ratings on the bank facilities and debt instruments of the Company to 'CRISIL A-/ Stable/CRISIL A1' from 'CRISIL A/Stable CRISIL A1' and CARE has downgraded its "CARE A" rating to CARE A- and on our request has withdrawn the short term rating for our commercial paper on July 10, 2019.

Treasury Operations

Majority of our gold loan disbursals and repayments are in cash which necessitates maintaining a certain level of cash holding at the branches at all times to ensure a quick service to the customer. We retain cash up to 0.5% (one per cent) of the Gold loan outstanding of the branch or ₹2 lakhs, whichever is higher. Additional fund requirements of the branches are met from the head office of the Company by way of bulk RTGS/ NEFT transfers through designated banks in accordance with the treasury policy. This enables the Company to disburse funds to the branches promptly upon requests from the branches. Excess funds available at the branches are transferred to the bank account of the head office of the Company on a daily basis. This ensures an efficient utilisation of the funds, minimizing the holding of idle cash. Branches can also transfer funds/cash from /to nearby branches in case of need.

Competition

Although the business of providing loans secured by gold is a time-honored business (unorganized pawn-broking shops being the main participants), the Gold loan business in India remains very highly fragmented. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and utilising modern point-of-sale systems and proven operating methods. We operate in largely un-tapped markets in various regions in India where banks currently provide Gold loans. We also compete with pawnshops and financial institutions, such as consumer finance companies. Other lenders may lend money on an unsecured basis, at interest rates that may be lower than our service charges and on other terms that may be more favorable than ours. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to loan competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong general management, regional market focus, automated management information systems and access to capital. Our main competition is from various Kerala based banks and other specialised Gold loan NBFCs.

Insurance Coverage

We maintain insurance coverage on all our assets located at our head office, on all our movable assets in branch premises and locations of our wind energy business owned by us against fire and special perils. Our insurance policies are generally annual policies that we renew regularly. We have also established a scheme of insurance with the Life Insurance Corporation of India for providing gratuity benefits to the employees of the Company are in the name and style – "*Muthoot Fincorp Employees Group Gratuity Assurance Scheme*".

Intellectual Property

The trade mark/service mark and logo in connection with the "Muthoot Pappachan" brand and the "Muthoot Fincorp" logo are pending registration in various classes including classes which pertain to our Company's business. Our Promoters have applied for but not obtained registrations in connection with protection of the aforesaid trademarks and logos. There can be no assurance that our Promoters would be able to obtain registrations of the aforesaid logos and trademarks under each or all of the classes. Once such trademarks and/or logos are registered we intend to enter into an agreement with our Promoters for the use of such logos and/or trademarks. For further details, see section titled "*Risk Factors*" on page 17.

Property

Our registered office is at Muthoot Centre, TC No 14/2074-7 Punnen Road Trivandrum – 695 0399, Kerala which is being used by us on a leasehold basis. We typically enter into lease agreements for these strategic business unit and branch locations. If these leases are not renewed on a timely basis or at all, we do not think that relocating would materially and adversely affect our operations and profitability.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as a public limited company known as Muthoot Debt Management Services Limited, pursuant to receipt of a certificate of incorporation dated June 10, 1997, from the ROC. Our Company received a certificate for commencement of business on June 10, 1997. Subsequently, the name of our Company was changed to Muthoot Fincorp Limited and a fresh certificate of incorporation dated March 19, 2002 was issued to our Company by the ROC.

Our Company was registered as a non-deposit accepting NBFC with the RBI pursuant to the certificate of registration No. 16.00170 dated July 23, 2002 issued by the RBI under Section 45 IA of the RBI Act.

Changes in Registered Office

There has been no change in the Registered Office of our Company since our Company was incorporated.

Main objects of our Company

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

(1) To carry on the business of a loan company as per RBI guidelines and to carry on and undertake financing by way of giving loans and/or advances and financing otherwise of the activities of others and to receive money on deposits at interest or otherwise for fixed periods as prescribed from time to time by RBI.

(2) To carry on the business of money lending in accordance with the RBI guidelines and other applicable laws in force and also giving loans and advances to the weaker sections of the society at preferential rate of interest subject to the ceiling fixed from time to time as prescribed by the RBI, but the Company shall not carry on the business of banking as defined in The Banking Regulation Act, 1949.

(3) To carry on the business as authorised dealer, money changer, offshore banker or any other person for the time being authorised to deal in foreign exchange or foreign securities or such other activities and to undertake cross border inward money transfer activities subject to the rules and regulations of the RBI.

(4) To take over as going concern, the business of the partnership firms, Muthoot Bankers with their assets and liabilities, manage their affairs and dissolve the firms after the takeover.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association enable our Company to undertake its existing activities and the activities for which the funds are being raised through the Issue.

We have received various awards and recognitions in the past, including, amongst others in the last three fiscals:

Fiscal	Particulars
2018	• Icon of Indigenous Excellence- ET Iconic Awards given by Economic Times • National Award for Excellence in BFSI Awards 2018 in the Financial Inclusion & Regulatory Compliance - NBFC category Given by Times Network
2016	• Special Jury Recognition at the Rotary CSR Excellence Awards given by Rotary Club of Cochin Metropolis

Key terms of our Material Agreements

Material Agreements:

I. For sharing of services among the Group Companies, the Company had entered into agreements with various Group Companies. Now, the parties concerned have decided to introduce a concept of Master Service Agreement (“MSA”) along with Service Level Agreements (“SLAs”) towards each shared service. As per the same, the general terms and conditions are captured in the MSA and the terms specific to each service, including the agreed commercials, are captured in the SLA. Accordingly, the Company has entered into the following agreements:

(a) Master Service Agreement dated April 1, 2019 with Muthoot Capital Services Limited ("MCSL") for sharing / providing various services. The following SLAs are executed wherein the services shared are detailed:

i. SLA dated April 1, 2019 for sharing the branch network and infrastructure of the Company in connection with its business, inter alia, consisting of disbursing two wheeler vehicle loans and collecting the instalments of two wheeler loans from their Customers
ii. SLA dated April 1, 2019 for acting as the broker of MCSL for canvasing Public Deposits and collecting application forms along with the supporting documents from prospective depositors and forward to MCSL.
iii. SLA dated April 1, 2019 for utilizing the safe custody facility for the gold jewellery pledged with MCSL by its vehicle loan customers at MFL branches;
iv. SLA dated April 1, 2019 for sourcing of MCSL's used car loan and collecting EMI from the Customers and
v. SLA dated April 1, 2019 for utilizing the space specifically allotted at branches of the Company.
vi. SLA dated April 1, 2019 for the collection of EMI from the Customers who availed SME Loans from MFL

(b) Master Service Agreement dated April 1, 2019 with Muthoot Microfin Limited ("MML") for sharing / providing various services. The following SLAs are executed wherein the services shared are detailed:

i. SLA dated April 1, 2019 for disbursement of microfinance loans and collection of receipts from their Customers
ii. SLA dated April 1, 2019 to acquire Customers, collect repayment of Muthoot Small and Growing Business Loans (MSGB).
iii. SLA dated April 1, 2019 to acquire Customers, collect repayment from OLA Auto and Cab drivers to purchase of smart phone.
iv. SLA dated April 1, 2019 to acquire Customers, collect repayment of Consumer Durable loan along with interest.
v. SLA dated April 1, 2019 for utilizing the space specifically allotted at branches of the Company.

(c) Master Service Agreement dated April 1, 2019 with Muthoot Housing Finance Company Limited ("MHFL") for sharing / providing various services. The following SLAs are executed wherein the services shared are detailed:

i. SLA dated April 1, 2019 for utilizing the space specifically allotted at branches of the Company.

ii. Agreement for Referral Incentive Program for home loan referrals.

(d) Master Service Agreement dated February 26, 2019 with Muthoot Pappachan Chits (India) Limited ("MPCIPL") for distributing and collecting chit application forms and collect chit instalments through the branch network of the Company. The following SLAs are also executed wherein the services shared are detailed:

SLA dated April 30, 2019 for utilizing the branch space at Mankavu of the Company.

(e) Space Sharing Arrangements

As per the above arrangements, among others, the Company has agreed to provide identified physical space located at its branches/ offices at various locations for use of authorised employees/ representatives of MML, MCSL and MHFCL respectively. The identified premises are being provided for developing and servicing the businesses undertaken and carried on by MML, MCSL and MHFCL.

A gist of the said arrangements is as provided below:

Company	Agreement Date	Number of Branches	Total Rent (₹ per month)	Period
MML	April 1, 2016	1	11,500	10 (ten) years
	March 31, 2015	7	37,000	10 (ten) years

Company	Agreement Date	Number of Branches	Total Rent (₹ per month)	Period
	March 15, 2017	4	26,704	10 (ten) years
	January 1, 2017	8	90,748	10 (ten) years
	March 31, 2016	7	37,000	10 (ten) years
	May 1, 2016	3	15,460	10 (ten) years
	February 1, 2016	3	17,426	10 (ten) years
	November 1, 2015	5	40,000	10 (ten) years
	December 1, 2015	3	16,431	10 (ten) years
	January 1, 2016	3	14,875	10 (ten) years
MHFCL	September 29, 2016	2	6,835	2 (two) years for Villupuram branch; 6 (six) years for Cuddalore Semmandalam branch
	February 25, 2016	10	25,165	10 (ten) years
	April 2,2018	1	13,800	3 (Three) years and 9 (Nine) months for Jaipur branch
	November 14,2017	2	26,902	1 (one) year and 4 (four) months for Boiser branch; 6 (six) years and 1(one) month for Vetturunimadam branch
	June 1,2018	1	3,480	4 (four) year and 1(one) month
	April 22, 2016	4	24,955	10 (ten) years
	June 2, 2015	1	10,385	6 (six) years and 6 (six) months
MCSL	April 1, 2019	11	2,39050	3 (three) years
MPCIPL	December 9, 2017	1	63,068	10 ten) years

II. **Lease Agreements**: The Company has entered into lease agreements with MML and MAIPL the details of which are provided below:

Company	Lease Agreement	Location	Rent (₹ per month)	Security Deposit (₹)	Period (Years)
MML	May 1, 2016	Vellanadu Junction, Trivandrum	22,400	67,200	10
	February 1, 2016	Vellanadu Junction, Trivandrum	13,600	40,800	10
	December 1, 2015	Vellanadu Junction, Trivandrum	10,440	31,320	10
MAIPL	March 29, 2019	Kollam Showroom	4,05,169		3

III. **Agreement dated March 31, 2016 with MML and Addendum dated November 1, 2016 and January 31, 2017 to the original agreement**

The agreements covers sale of identified assets of the Company, including *inter alia* computers, printers, scanners, office furniture to MML. In consideration of the sale, it has been agreed in the agreement that MML shall pay to MFL a lump sum amount of ₹1,58,75,655. The effective date for sale of assets on which the assets shall be transferred was identified as March 31, 2016 in the agreement. By way of addendum agreements, the Company has further agreed to sell some assets to MML for a lump sum amount of ₹27,73,271 as on November 1, 2016 and ₹25,79,907 as on January 31, 2017.

IV. **Agreement dated January 31, 2019, between the Company and Mr. Thomas Muthoot, Executive Director, and agreement dated January 31, 2019, between the Company and Mr. Thomas John Muthoot, Managing Director**

The board of directors of the Company had pursuant to unanimous resolution passed at its meeting held on January 15, 2016 appointed Mr. Thomas Muthoot as the executive director of the Company and Mr. Thomas John Muthoot as the Managing Director of the Company for a period of three years until January 31, 2019 with effect from February 1, 2019. The agreements have been entered into pursuant to the said appointment.

The Company has the right to terminate the services by giving not less than three months' notice in writing or three months' salary in lieu thereof.

V. **Agreement in relation to Terms of Inter Se Project Engagement dated December 14, 2015 with MPG Hotels and Infrastructure Ventures Private Limited ("MPG")**

The Company has a valid title over the property as described in the agreement located in Thiruvananthapuram, Desom, Kowdiar Village, Thiruvananthapuram Taluk, and Thiruvananthapuram District. The Company vide the agreement (the "**Development Agreement**") authorised and empowered MPG to develop the said property into a premium residential complex at its own cost as per the specifications, terms and conditions laid down in the agreement (the "**Development**"). MPG has agreed to complete the construction of the flats/ units within 48 months from the date of receiving final building permit from the government agencies/ statutory authorities. In consideration of permitting the Development, MPG shall pay to the Company 30% of the full sale value of each unit while MPG may retain the balance. The parties may terminate the Development Agreement by giving 30 days' written notice to the other party in the event of delay in getting the required building permits within one year from the date of the Development Agreement or MPG failing to commence construction within one year from the date of receipt of building permit or MPG failing to progress the construction according to agreed timelines. The Development Agreement was cancelled vide the cancellation deed dated March 30, 2016. The Development Agreement was cancelled in view of restructuring of project execution. An amount of ₹9,00,000 paid by MPG to the project consultant was instructed to be refunded.

VI. **Agreement for asset management services dated March 30, 2016 with MPG and Amendment letter dated April 25, 2018**

MPG has been appointed as an asset manager for *inter alia* keeping all relevant records/ documents pertaining to the properties of the Company, maintenance of building, compound wall, utility lines, facilitating payment of utility bills etc., and advising regarding prospective business opportunity of the properties. The agreement provides that MPG shall be paid a retainer fee of the amount of ₹1,10,000 plus applicable taxes per month by the Company in consideration of the services with effect from April 1, 2018 as per amendment letter dated April 25, 2018. The agreement may be terminated by either party upon failure of other party to remedy its default in the performance or breach of any terms of the agreement after giving a 30 days' notice, upon occurrence of an irremediable default in the performance or breach of terms by the other party or on the other party becomes insolvent or bankrupt or makes a composition with its creditors.

VII. **Agreement for sub-lease dated September 1, 2015 with MPG**

The Company and MPG had entered into a lease agreement dated August 1, 2016 for sub-leasing the building premises located at STN Chambers, TC No. 15/1897(1), near Geethanjali Hospital, Vazhuthacaud, Thiruvananthapuram 695014 (the "**Premises**") The period of the agreement is commencing August 1, 2016 and expiring on January 31, 2023. The agreement has been executed to extend the lease. The agreement provides that in consideration of the rent being paid by MPG, the Company has demised unto MPG the Premises. MPG has an obligation to pay rent amounting to ₹1,24,550 per month.

VIII. **Agreement dated August 1, 2016 with Muthoot Pappachan Technologies Limited ("MPT) for providing consultancy, advisory, and other services to MFL**

Pursuant to the aforementioned agreement the Company is desirous of engaging MPT to provide consultancy, advisory, and other services related to IT and also providing training to its staff on IT and related activities. The Company is required to pay fee for the services availed from MPT in accordance with the agreement.

The period of the agreement is for five years, commencing August 1, 2016. Either party would have the right to terminate the agreement by giving three months' notice in writing.

IX. Loan to Directors

As per the loan agreements dated March 29, 2018, the Company has advanced the below loans to its Directors. The term of the agreement was for one year which is subsequently extended till March 31, 2020 *vide* addendum dated March 28, 2019.

Sr. No.	Name of Director	Amount (₹ in crore)	Interest Rate	Period
1.	Thomas John Muthoot	67.00	12.00%	Repayable by March 31, 2020
2.	Thomas George Muthoot	66.00	12.00%	Repayable by March 31, 2020
3.	Thomas Muthoot	66.00	12%	Repayable by March 31, 2020

X. Space Allocation agreement dated April 1, 2019 with Muthoot Risk Insurance Broking Services Private Limited (MRIBS) for advertising various insurance products by utilizing branch spaces of the Company.

Pursuant to the aforementioned agreement, Our Company has agreed to allow MRIBS to exhibit advertising materials of their various insurance products by displaying its signages, hoardings, at about 1000 Branches of the Company at a time on rotational basis. The agreement is effective from April 1, 2019 and shall remain in force for a period of 3 years.

XI. Agreement dated March 26, 2018 with Muthoot Estate Investments (MEI) for hiring of Office Space at Attingal.

The Company has entered into agreements with MEI for hiring 815 sq.ft of building premises at Ground Floor, Muthoot Buildings, NH Road, Near Civil Station, Attingal, Thiruvananthapuram for a period of ten years with effect from January 1, 2018 at a monthly rent of ₹48,900 and security deposit of ₹1,46,700.

XII. Agreement dated May 19, 2017 between Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mr. Thomas Muthoot and M/s Muthoot Estate Investments (MEI) and the Company for purchase of shares of MPG Hotels and Infrastructure Ventures Private Limited (MHIVPL) and the addendum thereto dated March 28, 2018.

Pursuant to the aforementioned agreement dated May 19, 2017, the Company has agreed to purchase 2,52,76,081 shares of MHIVPL at ₹153 per share and advance an amount of ₹2,500 lakhs. As per the agreement the entire transaction is to be completed on or before September 30, 2018. As per the addendum to the agreement executed on March 28, 2018, the number of shares to be purchased reduced to 1,50,00,000 at ₹153 per share. (Total purchase value ₹2,295 lakhs and the period for completing the transaction was extended upto March 31, 2020.)

Key terms of our other key agreements

NA

Holding Company

Our Company does not have a holding company.

Subsidiaries

As on the date of the Draft Prospectus, our Company has the following subsidiaries:

I. Muthoot Housing Finance Company Limited ("MHFCL")

MHFCL was incorporated pursuant to a certificate of incorporation dated March 5, 2010 and obtained a certificate of commencement of business dated June 1, 2011, issued by the Registrar of Companies, Kerala and Lakshadweep. It obtained a certificate of registration dated February 11, 2011, from the National Housing Bank, to commence the business of a housing finance institution, without accepting public deposits. The registered office of MHFCL is situated at TC No. 14/2074 – 7, Muthoot Centre, Pennen Road, Thiruvananthapuram 695 034.

Our Company currently owns 80.58% shareholding of MHFCL.

Shareholding pattern as on June 30, 2019

Sr. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital (%)
1.	Muthoot Fincorp Limited	5,35,34,840	80.58
2.	Thomas John Muthoot	4,297,885	6.47
3.	Thomas George Muthoot	4,297,890	6.47
4.	Thomas Muthoot	4,297,890	6.47
5.	Preethi John Muthoot	3,265	0.01
6.	Nina George	3,265	0.01
7.	Remmy Thomas	3,265	0.01
	Total	**5,22,91,400**	**100.00**

Board of directors:

The board of directors of MHFCL comprises of the following persons:

i. Thomas Muthoot, Managing Director,
ii. Thomas John Muthoot; Director,
iii. Thomas George Muthoot; Director,
iv. Santanu Mukherjee; Independent Director, and
v. Kandiyoor Muralidharan, Independent Director

II. Muthoot Microfin Limited ("MML")

Muthoot Microfin Limited was originally incorporated as Panchratna Stock and Investment Consultancy Services Private Limited pursuant to a certificate of incorporation dated April 6, 1992. The name of Panchratna Stock and Investment Consultancy Services Private Limited was changed to Panchratna Stock and Investment Consultancy Services Limited pursuant to the fresh certificate of incorporation dated June 9, 1994.

Subsequently, the name of Panchratna Stock and Investment Consultancy Services Limited was changed to Panchratna Securities Limited pursuant to the fresh certificate of incorporation dated June 22, 1994. As a part of its diversification programme and to offer more impetus to its micro finance business, the Company acquired a majority equity holding in Panchratna Securities Limited in September 2012. Subsequently, the name of Panchratna Securities Limited was changed to MML and a fresh certificate of incorporation dated November 6, 2012 was issued by the Registrar of Companies, Mumbai. The registered office of MML is situated at 13th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Muthoot Microfin Limited was registered as an NBFC with the RBI pursuant to the certificate of registration No. 13.00365 dated March 18, 1998 issued by the RBI under Section 45 IA of the RBI Act. Subsequently RBI has granted a new certificate of registration in relation to change of name and conversion of MML to NBFC-MFI with effect from March 25, 2015.

Shareholding pattern: As on June 30, 2019

Sr. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital (%)
1	Muthoot Fincorp Limited	7,26,25,449	63.61%
2.	Thomas Muthoot	63,50,459	5.56%
3.	Thomas John Muthoot	63,28,806	5.54%
4.	Thomas George Muthoot	63,27,160	5.54%
5.	Creations Investments India LLC	1,30,06,778	11.39%
6.	Nina George	27,04,513	2.37%
7.	Preethi John	27,02,867	2.37%
8.	Remy Thomas	26,81,214	2.35%

9	ESOP Trust	10,83,114	0.95%
10	ESOP Holders	3,60,142	0.32%
	Total	**10,28,78,211**	**100.00**

Board of directors:

The board of directors of MML comprises of the following persons:

i. Mr. Thomas John Muthoot;
ii. Mr. Thomas George Muthoot;
iii. Mr. Thomas Muthoot;
iv. Mr. Thomas Muthoot John;
v. Mr. Kenneth Dan Vander Weele;
vi. Mr. Alok Prasad;
vii. Mrs. Bhama Krishnamurthy;
viii. Mrs. Pushpy Muricken; and
ix. Thai Salas Vijayan

III. Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited) ("MPTL")

MPTL was originally incorporated as a private company pursuant to the certificate of incorporation dated November 16, 2012, issued by the Registrar of Companies, Kerala and Lakshadweep. Subsequently, upon conversion to a public company, the name of Muthoot Pappachan Technologies Private Limited was changed to MPTL and a fresh certificate of incorporation dated July 5, 2013 was obtained from the Registrar of Companies, Kerala and Lakshadweep.

Shareholding pattern: As on June 30, 2019

Sr. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital (%)
1.	Muthoot Fincorp Limited	30,000	60.00
2.	Thomas John Muthoot	3,334	6.67
3.	Thomas George Muthoot	3,333	6.67
4.	Thomas Muthoot	3,333	6.67
5.	Preethi John Muthoot	3,333	6.67
6.	Nina George	3,333	6.67
7.	Remmy Thomas	3,334	6.67
	Total	**50,000**	**100.00**

Board of directors:

The board of directors of MPTL comprises of the following persons:

i. Thomas Muthoot;
ii. Thomas John Muthoot; and
iii. Thomas George Muthoot.

Joint Ventures, Associate Companies and Investments

A list of associates of the Company as on the date of the Draft Prospectus is as follows:

	Name	Registered Address	Shareholding of our Company as on March 31, 2019	Activity undertaken by the entity
Joint Venture Companies and Associate Companies				
1.	Alaska Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality

	Name	Registered Address	Shareholding of our Company as on March 31, 2019	Activity undertaken by the entity
2.	Bamboo Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
3.	Buttercup Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
4.	Calypso Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
5.	Cinnamon Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
6.	El Toro Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
7.	Emmel Realtors and Developers Private Limited	Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Real Estate
8.	Flame Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
9.	Fox Bush Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
10.	Goblin Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
11.	Jungle Cat Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
12.	LM Realtors Private Limited	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695 034	NIL	Hospitality
13.	Mandarin Agri Ventures and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
14.	Mariposa Agri Ventures and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
15.	MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Limited)	Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Hospital Infrastructure and IT Park
16.	MPG Security Group Private Limited	Diamond Hill, TC 15/42(3) Vellayambalam, Sasthamangalam P.O Thiruvananthapuram Kerala – 695 010	NIL	Security Agency
17.	Muthoot Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
18.	Muthoot Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Agriculture and Hospitality
19.	Muthoot Dairies and Agri Ventures Hospitalities Private Limited (Formerly Muthoot	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality

	Name	Registered Address	Shareholding of our Company as on March 31, 2019	Activity undertaken by the entity
	Agri Ventures and Hospitality Ventures Private Limited)			
20.	Muthoot Apt Ceramics Limited	Muthoot Towers, M.G Road, Ernakulam 682 035	NIL	Chemical Manufacturing
21.	Muthoot Automobile Solutions Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Automotive
22.	Muthoot Automotive (India) Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Automotive
23.	Muthoot Buildtech (India) Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Real Estate
24.	Muthoot Capital Services Limited	Muthoot Towers, M.G Road, Ernakulam 682 035	NIL	Retail two and three wheeler Loans
25.	Muthoot Equities Limited	5th Floor, Muthoot Towers, M.G Road, Ernakulam 682 035	NIL	Share trading
26.	Muthoot Exim Private Limited	Muthoot Towers, M.G Road, Ernakulam 682 035	NIL	Sale of Jewellery
27.	Muthoot Holdings Private Limited	1st Floor, Door No: 1500/1, Sri. Lakshmi Complex, Kammanhalli Main Road, St. Thomas Town P.O, Bengaluru - 560 084, Karnataka	NIL	Holding
28.	Muthoot Hotels Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039	NIL	Hospitality
29.	Muthoot Housing Finance Company Limited	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695 039.	5,35,34,840	Housing Loan
30.	Muthoot Infrastructure Private Limited (formerly Muthoot Infrastructure Limited)	Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Infrastructure
31.	Muthoot Kuries Private Limited	1st Floor, Door No: 1500/1, Sri. Lakshmi Complex, Kammanhalli Main Road, St. Thomas Town P.O, Bangalore 560 084	NIL	Chitties
32.	Muthoot Land and Estates Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Real Estate
33.	Muthoot Motors Private Limited	Muthoot Shopping Arcade, Ulloor, Trivandrum 695 011	NIL	Automobile dealership
34.	Muthoot Pappachan Chits (India) Private Limited	Muthoot Centre, Punnen Road, Trivandrum 695 039	80,000	Chits
35.	Muthoot Pappachan Medicare Private Limited	Muthoot Centre, Punnen Road, Trivandrum 695 039	NIL	Hospital
36.	Muthoot Properties (India) Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695039	NIL	Real Estate
37.	Muthoot Risk Insurance and Broking Services Private Limited	1st Floor, Door No: 1500/1, Sri. Lakshmi Complex, Kammanhalli Main Road, St. Thomas Town P.O, Bangalore 560 084	NIL	Insurance

	Name	Registered Address	Shareholding of our Company as on March 31, 2019	Activity undertaken by the entity
38.	Muthoot Microfin Limited (*Formerly Panchratna Securities Limited*)	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East Mumbai, Maharashtra	7,26,25,449	Microfinance
39.	Pine Pink Agri Ventures and Hospitalities Private Limited	First Floor, Door # F - 2/A – 2, Sector - 9, Vashi, Navi Mumbai 407 003	NIL	Hospitality
40.	The Right Ambient Resorts Private Limited	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695039	NIL	Hospitality
41.	Muthoot Pappachan Technologies Limited (*Formerly Muthoot Pappachan Technologies Private Limited)*	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695039	30,000	IT
42.	The Thinking Machine Media Private Limited	Muthoot Towers, M.G Road, Ernakulam, Kerala - 682035	NIL	Advertising
43.	MPG Precious Metals Private Limited	No:66/3628, Muthoot Towers, M.G. Road, College P.O, Ernakulam, Kerala - 682035	NIL	Dealing of precious metals
44.	Muthoot Pappachan Centre of Excellence in Sports	Door No:40/8922(New No 66/3628), Muthoot Towers, M.G Road, College P.O, Ernakulam	NIL	Sports promotion
45.	M-Liga Sports Excellence Private Limited	Door No:66/3630, Muthoot Towers, M.G Road, College P.O, Ernakulam-682035	NIL	Sports promotion
Partnerships/ LLPs				
46.	Muthoot Bankers	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695 034.	NIL	Finance
47.	Muthoot Cine Enterprises	Over Bridge, Thampanoor, Trivandrum, Kerala	NIL	Cine Exhibition
48.	Muthoot Estate Investments	Muthoot Shopping Arcade, Ulloor, Medical College P.O, Trivandrum, Kerala - 695 011.	NIL	Real Estate& Infrastructure
49.	Muthoot Finance Company	TC 9/2150(1), Sasthamangalam P.O, Trivandrum-695010	NIL	Online Share Trading
50.	Muthoot Insurance Services	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695 034.	NIL	Insurance
51.	Muthoot Motors (Cochin)	The Grande, Near KSEB, Palarivattom, Cochin-682025	NIL	Automobile dealership
52.	MPG Automobiles LLP	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum - 695011	NIL	Automotive

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of the operations, affairs and business of the Company are vested in the Board of Directors, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws. The Articles of Association set out that the number of Directors in our Company shall not be less than 3 (three) and not more than 10 (ten) in number.

The composition of the Board is in conformity with section 149 of the Companies Act, 2013. Currently, the Company has seven Directors on its Board. The Chairperson of the Board of Directors is Mr. Thomas John Muthoot.

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

Name, Designation, DIN, Age, Nationality, Term and Director of the Company Since	Age	DIN	Other Directorships
Thomas John Muthoot **Designation**: Managing Director **Term**: 3 Years **Director of the Company Since**: June 10, 1997 **Nationality**: Indian **Address**: TC 4/1008, (1), Kawdiar, PO, Trivandrum 695 003, Kerala, India	57 years	00011618	1. EMMEL Realtors and Developers Private Limited 2. LM Realtors Private Limited 3. Mariposa Agri Ventures and Hospitalities Private Limited 4. MPG Hotels and Infrastructure Ventures Private Limited 5. Muthoot APT Ceramics Limited 6. Muthoot Automobile Solutions Private Limited 7. Muthoot Automotive (India) Private Limited 8. Muthoot Buildtech (India) Private Limited 9. Muthoot Capital Services Limited 10. Muthoot Equities Limited 11. Muthoot Hotels Private Limited 12. Muthoot Housing Finance Company Limited 13. Muthoot Land and Estates Private Limited 14. Muthoot Motors Private Limited 15. Muthoot Pappachan Medicare Private Limited. 16. Muthoot Pappachan Technologies Limited 17. Muthoot Risk Insurance and Broking Services Private Limited 18. Muthoot Microfin Limited 19. Trivandrum Centre for Performing Arts 20. Muthoot Pappachan Centre of Excellence in Sports
Thomas George Muthoot **Designation**: Director **Term**: N.A. **Director of the Company Since**: June 10, 1997 **Nationality**: Indian **Address**: Muthoot Towers, College Road, P.O. M G Road, Ernakulam 682 035, Kerala, India	57 years	00011552	1. Buttercup Agri Projects and Hospitalities Private Limited 2. Fox Bush Agri Development and Hospitalities Private Limited 3. Jungle Cat Agri Development and Hospitalities Private Limited 4. Mandarin Agri Ventures and Hospitalities Private Limited 5. MPG Hotels and Infrastructure Ventures Private Limited 6. Muthoot APT Ceramics Limited 7. Muthoot Automobile Solutions Private Limited 8. Muthoot Automotive (India) Private Limited 9. Muthoot Capital Services Limited 10. Muthoot Hotels Private Limited 11. Muthoot Housing Finance Company Limited 12. Muthoot Pappachan Medicare Private Limited 13. Muthoot Pappachan Technologies Limited 14. Muthoot Properties (India) Private Limited

			15. Muthoot Risk Insurance and Broking Services Private Limited 16. The Thinking Machine Media Private Limited 17. Muthoot Microfin Limited 18. Finance Companies' Association (India). 19. Muthoot Pappachan Centre of Excellence in Sports 20. Muthoot Infrastructure Private Limited
Thomas Muthoot **Designation**: Executive Director and Chief Financial Officer. **Term**: 3 years **Director of the Company Since**: June 10, 1997 **Nationality**: Indian **Address**: 7/59 A, Near Kaniyampuzha Bridge Cherukad, Eroor P O, Ernakulam, Kerala, India	53 years	00082099	1. Flame Agri Projects and Hospitalities Private Limited 2. Goblin Agri Projects and Hospitalities Private Limited 3. LM Realtors Private Limited 4. MPG Hotels and Infrastructure Ventures Private Limited 5. Muthoot Agri Development and Hospitalities Private Limited 6. Muthoot Agri Projects and Hospitalities Private Limited 7. Muthoot APT Ceramics Limited 8. Muthoot Automobile Solutions Private Limited 9. Muthoot Automotive (India) Private Limited 10. Muthoot Capital Services Limited 11. Muthoot Dairies and Agri Ventures Private Limited 12. Muthoot Hotels Private Limited 13. Muthoot Housing Finance Company Limited 14. Muthoot Motors Private Limited 15. Muthoot Pappachan Technologies Limited 16. Muthoot Risk Insurance and Broking Services Private Limited 17. The Right Ambient Resorts Private Limited 18. Muthoot Pappachan Centre of Excellence in Sports 19. Muthoot Microfin Limited 20. M-Liga Sports Excellence Private Limited
Arrattukkulam Peter Kurian **Designation**: Independent Director **Term**: NA **Director of the Company Since**: January 30, 2007 **Nationality**: Indian **Address**: 9, Friendship, 23rd Road, TPS III, Bandra (W), Mumbai 400 050, Maharashtra, India	86 years	00008022	1. Muthoot Capital Services Limited 2. Union Trustee Company Private Limited
Preethi John Muthoot **Designation**: Additional Director **Term**: Upto the date of the Annual General Meeting to be conducted in the Fiscal Year 2019-2020	54 years	00483799	1. Muthoot Infrastructure Private Ltd 2. Muthoot Exim Private Ltd 3. Muthoot Kuries Private Ltd 4. Muthoot Pappachan Chits (India) Private Ltd 5. Alaska Agri Projects and Hospitalities Private Ltd 6. Bamboo Agri Projects and Hospitalities Private Ltd. 7. Calypso Agri Development and Hospitalities Private Ltd 8. Cinnamon Agri Development and Hospitalities

Director of the Company Since: March 28, 2019 **Nationality**: Indian **Address**: TC 4/1008, (1), Kawdiar, PO, Trivandrum 695 003, Kerala, India			Private Ltd 9. El Toro Agri Projects and Hospitalities Private Ltd. 10. Goblin Agri Projects and Hospitalities Private Limited 11. Mandarin Agri Ventures and Hospitalities Private Limited 12. Muthoot Agri Projects and Hospitalities Pvt. Ltd 13. Muthoot Dairies and Agri Ventures Hospitalities Private Ltd 14. The Thinking Machine Media Private Limited 15. MPG Security Group Private Limited 16. MPG Precious Metals Private Limited 17. Muthoot Holdings Private Limited 18. EMMEL Realtors and Developers Private Limited
Ramakrishnapillai Kamalasanan Nair **Designation**: Director (Independent Director) **Term**: NA **Director of the Company Since**: June 11, 2001 **Nationality**: Indian **Address**: 25-167/ Sivanevash, Karekadu, Suchindaram 629 704, Tamil Nadu, India	80 years	00631889	NIL
Vikraman Ampalakkat **Designation**: Director (Independent Director) **Term**: NA **Director of the Company Since**: October 21, 2007 **Nationality**: Indian **Address**: G-3 V B Royal Apartments, Elamakkara Road, Edappally, Kochi, 682 024, Kerala, India	74 years	01978341	1. ESAF Financial Holdings Private Limited 2. Samastha Microfinance Limited 3. Saggraha Management Services Private Limited

Confirmations

None of our Directors have been identified as a 'wilful defaulter' by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution, and none of our Directors are directors or are otherwise associated in any manner with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs.

Brief Profiles

Mr. Thomas John Muthoot, aged 57 years, is the Managing Director of the Company. He holds a bachelor's degree in commerce from the University of Kerala. He is an alumnus of the Harvard Business School having completed his OPM program in 2014, he is the current Chairman of CII – Trivandrum Zone, member of the

Chamber of Commerce, Trivandrum, and Treasurer of the Trivandrum Agenda Task Force. He is also an Inner Circle Member of INK TALKS. He has effectively spearheaded the Group over the past 30 years into one of Kerala's leading financial service group.

In recognition of his entrepreneurial talent in hospitality and of his professionalism in management, the Federation of Hotel and Restaurant Association of India (FHRAI) had honoured him with the prestigious "Young Hotel Entrepreneur Award" for the year 2006. In the year 2009, the Chamber of Commerce, Trivandrum had selected him as the "Businessman of the year" for his contribution to the Hospitality Sector. He is the Chairman of BFSI Business Advisory committee for the Additional Skill Acquisition Programme under the Kerala State Skill Development Programme.

Mr. Thomas George Muthoot, aged 57 years, holds a bachelor's degree in commerce from University of Kerala. He is also the Managing Director of Muthoot Capital Services Limited and a director in the other companies under the "Muthoot Pappachan Group" engaged in hospitality, infrastructure, automotive, property and power generation. He has about 30 years of experience and exposure in various facets of non-banking financial services. He is also the Chairman of Kerala Non-Banking Finance Companies Welfare Association, Kochi, member of Finance Companies Association, and represents the Group at the Association of Gold loan Companies.

Mr. Thomas Muthoot, aged 53 years leads the Muthoot Pappachan Group's drive to introduce innovative and efficient loan products. He holds a bachelor's degree in law from the University of Kerala. He has an in-depth understanding of consumer preferences and market nuances across India, resulting in the Group's launch of various new financial products. His knowledge of emerging markets and their functions have been harnessed in structuring the business interests of the Group.

Muthoot Pappachan Group's initiatives in the microfinance sector are spearheaded by Mr. Thomas Muthoot. One of his primary creations, Muthoot Mahila Mitra, is an unsecured loan programme aimed at women micro entrepreneurs. It offers women a better alternative to unauthorised money lenders. Muthoot Mahila Mitra is backed strongly by an entrepreneurship development programme for women. The programme known as Sthreejyoti is aimed at training women in general and cash management, in addition to offering sales and marketing skills. He was also instrumental in the Muthoot Pappachan Group's foray into housing finance.

Mr. Arrattukkulam Peter Kurian, aged 86 years, holds a bachelor's degree in commerce and a master's degree in economics and statistics from the University of Kerala. He has an experience of approximately 40 years in the banking and finance industry. Prior to joining the Company, he has held senior positions in the RBI and in the erstwhile Unit Trust of India. He was the executive chairman of Association of Mutual Funds in India, a trade body of all the Mutual Funds operating in India, for 12 years. He was a member of the technical advisory committee of the RBI. Previously, he was the chairman of Geogit Financial Services Limited and was member of boards of several other companies. At present he is also a Director in Muthoot Capital Services Ltd. and Union Trustee Company Private Ltd.He was a leader of the team which set up the Ceybank Unit Trust in Sri Lanka in the early nineties. He has also been a Commonwealth consultant, done research on capital markets in Tanzania and documented a project report for setting up a unit trust in Tanzania. Mr Kurian, for his original contribution in the field of marketing of financial instruments, was awarded "Marketing Man of the year 1987 Award" instituted by the Institute of Marketing Management. As an efficient manager having contributed substantially to the growth of the Unit Trust of India, the Institute of Marketing Management has awarded him the "Best Marketing Man of the Year" award in 1993. Further, he received the "Best Professional Manager Award" instituted by Life Insurance Corporation of India in 1993.

Ms. Preethi John Muthoot, aged 54, holds a master's degree in Arts from the University of Kerala. She is appointed as Additional Director with effect from March 28, 2019. She is actively involving in the business affairs of MPG Hotels and Infrastructure Ventures Pvt Ltd. She is also a member of the Board of Directors of many MPG group Companies and hence gained several years hands-on experience in the activities of the Group. She was a promoter Director of the Company till 15.11.2010.

Mr. Ramakrishnapillai Kamalasanan Nair, aged 80 years, holds a master's degree in commerce, a bachelor's degree in law from the Universities of Kerala and Mumbai respectively. He is also a qualified chartered accountant. Mr. Nair has experience of approximately 40 years in finance, corporate laws and auditing field. Prior to joining the Company, he was a professor of accountancy at the University of Mumbai, Group 'A' officer in Government of India for 11 years and chartered accountant at R.K Nair & Co., Mumbai (Membership No: 14193) for 12 years. Further, he also practiced as an advocate at the High Court of Mumbai for 7 years. Since 2004, he is practicing as an advocate of Supreme Court.

Mr. Vikraman Ampalakkat, aged 74 years, is an independent director on the Board. He holds a bachelor's degree in science from the University of Kerala. Mr. Ampalakkat has an experience of approximately 38 years in the finance, project funding, rehabilitation finance, micro finance, enterprise promotion and banking industry collectively. Prior to joining the Company, Mr. Ampalakkat has held managerial positions in several reputed organizations such as the RBI, Industrial Development Bank of India and Small Industries Development Bank of India.

Relationship with other Directors

Except our Promoter Directors who are siblings and Mrs. Preethi John Muthoot, who is the wife of Mr. Thomas John Muthoot, Managing Director, none of the directors of the Company are related to each other.

Borrowing Powers of our Directors

Pursuant to a resolution passed by the shareholders of the Company on June 03, 2014 under the Companies Act, 2013, the Board of Directors is authorised to borrow sums of money on such terms and conditions and for such purposes as the Board may think fit, not exceeding, at any given time, 40 times the aggregate of the paid-up capital and free reserves of the Company.

The aggregate value of the NCDs offered under this Draft Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as above mentioned.

Remuneration of the Executive Directors

1. *Managing Director*

Mr. Thomas John Muthoot has been re-appointed as the Managing Director of the Company for a period of three years with effect from February 1, 2019, by way of an agreement with the Company dated January 31, 2019, pursuant to the board resolution dated December 14, 2018. The current remuneration payable to the managing director, is as follows:

Particulars	Details
Salary	₹ 1,00,00,000 per month.
Performance linked incentive	Nil
Perquisites :	
Furnishings, Gas, Electricity and Water	Reimbursement of actual expenditure on furnishing, gas, electricity and water incurred subject to a ceiling of 10% of salary. These will be valued in terms of the Income Tax Rules, 1962.
Medical Benefits	Expenses actually incurred for self and family subject to a ceiling on one months' salary in a year or three months' salary in a block of three years.
Personal Accident Insurance	The annual premium not to exceed ₹25,000 to the Company.
Leave Travel	Return passage for self and family once in a year by air in first class to any place in or outside India.
Car	Free use of a Company car with driver for official and personal use. Use of car for personal use will be billed for.
Telephone	Free telephone at residence.
Leave and Leave Encashment	On full pay and allowance not exceeding 30 days for every year of service. Leave accumulated and un-availed, if any, at the end of his tenure as the Managing Director, will be allowed to be encashed on the basis of last salary drawn. In addition, causal leave for 12 days and sick leave for 12 days in a calendar year can be availed.
Club Membership	Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
Entertainment Expenses	Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to a limit fixed by the Board of Directors.
Company's contribution to provident fund	At rates as per the Company's rules.

Particulars	Details
Gratuity	At the rate of half month's salary for every complete year in service.
House Rent Allowance	At the rate of 15% of the salary per month in lieu of rent-free accommodation.
Minimum Remuneration	In the event of loss or inadequacy of profit in any financial year, the Managing Director shall be paid minimum remuneration by way of salary and perquisites as per the provisions of proviso to Section HA, Part H of Schedule V to the Companies Act, 2013.

2. *Whole-time director*

Mr. Thomas Muthoot has been re-appointed as a whole-time director of the Company with effect from February 01, 2019 up to January 31, 2022, by way of an agreement with the Company dated January 31, 2019 pursuant to the board resolution dated December 14, 2018. The current remuneration payable to Mr. Thomas Muthoot, is as follows:

Particulars	Details
Salary	₹ 80,00,000 per month.
Performance linked incentive	Nil
Perquisites:	
Furnishings, Gas, Electricity and Water	Reimbursement of actual expenditure incurred on furnishings, gas, electricity and water subject to a ceiling of 10% of salary. These will be valued in terms of the Income Tax Rules, 1962.
Medical Benefits	Expenses actually incurred for self and family subject to a ceiling on one month's salary in a year or three months' salary in a block of three years.
Personal Accident Insurance	The annual premium not to exceed ₹25,000 to the Company.
Leave Travel	Return passage for self and family once in a year by air in first class to any place in or outside India.
Car	Free use of a Company car with driver for official and personal use. Use of car for personal use will be billed for.
Telephone	Free telephone at residence.
Leave and Leave Entitlement	On full pay and allowance of 30 days for every completed year of service. Leave accumulated and un-availed, if any, at the end of his tenure as Executive Director, will be allowed to be encashed on the basis of last salary drawn. In addition, causal leave for 12 (twelve) days and sick leave for 12 days in a calendar year can be availed.
Club Membership	Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
Entertainment Expenses	Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to a limit fixed by the Board of Directors.
Company's contribution to provident fund	At rates as per the Company's rules.
Gratuity	At the rate of half month's salary for every complete year in service.
House Rent Allowance	At the rate of 15% of the salary per month in lieu of rent-free accommodation.
Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid minimum remuneration by way of salary and perquisites as per the provisions of proviso to Section HA, Part H of Schedule V to the Companies Act, 2013.

3. *Non-Executive Directors*

Pursuant to the Board resolution dated May 7, 2014, a sitting fee of ₹25,000 is currently payable to the Non-Executive Directors of the Company. Further, a commission of ₹4,50,00,000 per annum is payable to Mr. Thomas George Muthoot, subject to the limit of 1% of the net profits of the Company.

Details of remuneration payable or paid to the Director by the Subsidiaries and associate companies of the

Company for the year ended March 31, 2019:

Sr. No.	Name of Director	Name of entity	Remuneration (₹)	Commission	PF by Employer	Reimbursement of Expenses
1.	Thomas George Muthoot	MCSL	1,74,00,000	Nil	10,44,000	6,00,000

Changes in the Board of Directors during the last three years

Mrs. Janamma Thomas resigned from the Board of Directors on March 20, 2019 and Mrs. Preethi John Muthoot was appointed as Additional Director on the Board of Directors on March 28, 2019.

Interest of the Directors

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

In addition, the Directors are to the extent of remuneration paid to them for services rendered as officers of the Company.

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

Except as disclosed hereinabove and the section titled "*Risk Factors*" at page 17, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by the Company.

Except as stated in the section "*Financial Statements*" on page 120 and to the extent of compensation and commission if any, and their shareholding in the Company, the Directors do not have any other interest in the business of the Company.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Draft Prospectus and statutory registers maintained by the Company in this regard, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them, except as disclosed in the chapter "*Our Promoter*" on page 117.

As per the loan agreements dated March 29, 2018, the Company has advanced the below loans to its Directors. The term of the agreement was for one year which is subsequently extended till March 31, 2020 *vide* addendum dated March 28, 2019.

Sr. No.	Name of Director	Amount (₹ in lakh)	Interest Rate	Period
1.	Thomas John Muthoot	6,700	12.00%	Repayable by March 31, 2020
2.	Thomas George Muthoot	6,600	12.00%	Repayable by March 31, 2020
3.	Thomas Muthoot	6,600	12.00%	Repayable by March 31, 2020

As on date of the prospectus, the Company has paid advances towards Promoters, MEI, MHIVPL, for acquiring certain properties/ shares . Please see *Financial Statements*" on page 120 for details.

Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot are our Promoters as well as Directors on the Board of Directors of the Company.

Except as disclosed below, no relatives of the Directors have been appointed to an office or place of profit of the Company:

Sr. No.	Name	Designation	DOJ	Branch office name	Relation
1.	Thomas M. John	Chief Manager - Marketing	September 1, 2018	Thiruvananthapuram -Ho	S/O Mr Thomas John Muthoot
2.	Suzannah Muthoot	Zonal Strategic Consultant	June 19, 2017	Mumbai	D/O Mr Thomas Muthoot

Shareholding of Directors

As per the provisions of the Memorandum of Association and Articles of Association, the Directors are not required to hold any qualification shares.

Details of the shares held in the Company by the Directors, as on the date of this Draft Prospectus are provided in the table given below:

Sr. No.	Name of Director	Number of shares held	Percentage of the total paid-up capital (%)
1.	Thomas John Muthoot	5,08,43,764	26.25
2.	Thomas George Muthoot	5,08,43,764	26.25
3.	Thomas Muthoot	5,08,43,769	26.25
4.	Preethi John Muthoot	1,35,25,989	6.98

The shareholding of the Directors in the Subsidiaries and Associate Companies of the Company is as follows:

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital
1.	Thomas John Muthoot	Alaska Agri Projects and Hospitalities Private Limited	10	0.1
		Bamboo Agri Projects and Hospitalities Private Limited	10	0.1
		Buttercup Agri Projects and Hospitalities Private Limited	10	0.1
		Calypso Agri Development and Hospitalities Private Limited	10	0.1
		Cinnamon Agri Development and Hospitalities Private Limited	10	0.1
		El Toro Agri Projects and Hospitalities Private Limited	10	0.1
		Flame Agri Projects and Hospitalities Private Limited	10	0.1
		Fox Bush Agri Development and Hospitalities Private Limited	10	0.1
		Goblin Agri Projects and Hospitalities Private Limited	10	0.1
		Jungle Cat Agri Development and Hospitalities Private Limited	10	0.1
		Mandarin Agri Ventures and Hospitalities Private Limited	10	0.1
		Mariposa Agri Ventures and Hospitalities Private Limited	3334	33.34
		MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Limited)	16,66,666 and 39,999,999 (Beneficial owner of MEI)	3.70 and 88.89
		Muthoot Agri Development and Hospitalities Private Limited	10	0.1
		Muthoot Dairies and Agri Ventures Hospitalities Private Limited (formerly muthoot agri ventures	9	0.003

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital
		and hospitality ventures Private Limited)		
		Muthoot Apt Ceramics Limited	12,99,250	6.44
		Muthoot Automobile Solutions Private Limited	6,00,130	24.01
		Muthoot Automotive (India) Private Limited	4,16,330	16.65
		Muthoot Capital Services Limited	31,34,094	19.06
		Muthoot Equities Limited	10,000	20
		Muthoot Holdings Private Limited	3,334	33.34
		Muthoot Hotels Private Limited	2,50,000 (Jointly held by MPG Hotels and Infrastructure Ventures Pvt Ltd, Thomas John Muthoot and Thomas George Muthoot	1.43
		Muthoot Housing Finance Company Limited	42,97,885	6.47
		Muthoot Motors Private Limited	333	33.33
		Muthoot Pappachan Medicare Private Limited	80,003	66.67
		Muthoot Risk Insurance and Broking Services Private Limited	4,16,667	33.34
		Muthoot Microfin Limited (formerly Panchratna Securities Limited)	63,28,806	5.54
		Muthoot Pappachan Centre of Excellence In Sports (Section 8 company)	25479	33
		Pine Pink Agri Ventures and Hospitalities Private Limited	10	0.1
		The Right Ambient Resorts Private Limited	10 (jointly held by Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot)	0.33
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,334	6.66
		The Thinking Machine Media Private Limited	3,334	33.34
		MPG Air Catering LLP*	100	0.05
		MPG Asset Management LLP*	100	0.05
		MPG Automobiles LLP	66,670	33.34
		MPG Hospitality LLP*	100	0.05
		MPG Land And Estate LLP*	100	0.05
		MPG Real Estate LLP*	100	0.05
2.	**Thomas George Muthoot**	Alaska Agri Projects and Hospitalities Private Limited	10	0.1
		Bamboo Agri Projects and Hospitalities Private Limited	10	0.1
		Buttercup Agri Projects and Hospitalities Private Limited	10	0.1
		Calypso Agri Development and Hospitalities Private Limited	10	0.1
		Cinnamon Agri Development and Hospitalities Private Limited	10	0.1
		El Toro Agri Projects and Hospitalities Private Limited	10	0.1

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital
		Flame Agri Projects and Hospitalities Private Limited	10	0.1
		Fox Bush Agri Development and Hospitalities Private Limited	10	0.1
		Goblin Agri Projects and Hospitalities Private Limited	10	0.1
		Jungle Cat Agri Development and Hospitalities Private Limited	10	0.1
		Mandarin Agri Ventures and Hospitalities Private Limited	10	0.1
		Mariposa Agri Ventures and Hospitalities Private Limited	3,333	33.33
		MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Limited)	16,66,667 and 1 (Beneficial owner of Muthoot Estate Investments	3.70.and 0.001
		Muthoot Agri Development and Hospitalities Private Limited	10	0.1
		Muthoot Dairies and Agri Ventures Hospitalities Private Limited (formerly muthoot agri ventures and hospitality ventures Private Limited)	10	0.004
		Muthoot Apt Ceramics Limited	12,96,250	6.43
		Muthoot Automobile Solutions Private Limited	6,24,840	24.99
		Muthoot Automotive (India) Private Limited	4,16,330	16.65
		Muthoot Capital Services Limited	31,31,430	19.04
		Muthoot Equities Limited	10,000	20
		Muthoot Holdings Private Limited	3,333	33.33
		Muthoot Hotels Private Limited	2,50,000 (Jointly held by MPG Hotels and Infrastructure Ventures Pvt Ltd, Thomas John Muthoot and Thomas George Muthoot)	1.43
		Muthoot Housing Finance Company Limited	42,97,890	6.47
		Muthoot Motors Private Limited	333	33.33
		Muthoot Risk Insurance and Broking Services Private Limited	4,16,667	33.33
		Muthoot Microfin Limited (formerly Panchratna Securities Limited)	63,27,160	5.54
		Pine Pink Agri Ventures and Hospitalities Private Limited	10	0.1
		Muthoot Pappachan Centre Of Excellence In Sports (Section 8 company)	25479	33
		The Right Ambient Resorts Private Limited	10 (jointly held by Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot)	0.33
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,333	6.666

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital
		The Thinking Machine Media Private Limited	3,333	33.33
		MPG Air Catering LLP*	100	0.05
		MPG Asset Management LLP*	100	0.05
		MPG Automobiles LLP	66,670	33.33
		MPG Hospitality LLP*	100	0.05
		MPG Land And Estate LLP*	100	0.05
		MPG Real Estate LLP*	100	0.05
3.	**Thomas Muthoot**	Alaska Agri Projects and Hospitalities Private Limited	10	0.1
		Bamboo Agri Projects and Hospitalities Private Limited	10	0.1
		Buttercup Agri Projects and Hospitalities Private Limited	10	0.1
		Calypso Agri Development and Hospitalities Private Limited	10	0.1
		Cinnamon Agri Development and Hospitalities Private Limited	10	0.1
		El Toro Agri Projects and Hospitalities Private Limited	10	0.1
		Flame Agri Projects and Hospitalities Private Limited	10	0.1
		Fox Bush Agri Development and Hospitalities Private Limited	10	0.1
		Goblin Agri Projects and Hospitalities Private Limited	10	0.1
		Jungle Cat Agri Development and Hospitalities Private Limited	10	0.1
		Mandarin Agri Ventures and Hospitalities Private Limited	10	0.1
		Mariposa Agri Ventures and Hospitalities Private Limited	3,333	33.33
		MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Limited)	16,66,667	3.70
		Muthoot Agri Development and Hospitalities Private Limited	10	0.1
		Muthoot Dairies and Agri Ventures Hospitalities Private Limited. (Formerly Muthoot Agri Ventures and Hospitality Ventures Private Limited)	9	0.003
		Muthoot Apt Ceramics Limited	74,86,250	37.13
		Muthoot Automobile Solutions Private Limited	12,75,030	51
		Muthoot Automotive (India) Private Limited	9,53,340	38.13
		Muthoot Capital Services Limited	30,76,624	18.71
		Muthoot Equities Limited	10,000	20
		Muthoot Holdings Private Limited	3,333	33.33
		Muthoot Housing Finance Company Limited	42,97,890	6.47
		Muthoot Motors Private Limited.	334	33.34
		Muthoot Pappachan Medicare Private Limited	39,997	33.33
		Muthoot Risk Insurance and Broking Services Private Limited	4,16,666	33.33
		Muthoot Microfin Limited (formerly Panchratna Securities Limited)	63,50,459	5.56
		Pine Pink Agri Ventures and Hospitalities Private Limited	10	0.1
		Muthoot Pappachan Centre Of Excellence In	26,248	34

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital
		Sports (Section 8 company)		
		The Right Ambient Resorts Private Limited	10 (jointly held by Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot)	0.33
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,333	6.666
		The Thinking Machine Media Private Limited	3,333	33.33
		MPG Air Catering LLP*	100	0.05
		MPG Asset Management LLP*	100	0.05
		MPG Automobiles LLP	66,660	33.33
		MPG Hospitality LLP*	100	0.05
		MPG Land And Estate LLP*	100	0.05
		MPG Real Estate LLP*	100	0.05
4.	**Preethi John Muthoot**	Emmel Realtors and Developers Private Limited	5000 (Beneficial Owner of Muthoot Estate Investments)	50
		L.M. Realtors Private Ltd	10,000 (Beneficial Owner of Muthoot Estate Investments)	50
		MPG Precious Metals Private Ltd	10	33.33
		MPG Security Group Private Limited	3,333	33.33
		Muthoot Apt Ceramics Limited	1296250	6.43
		Muthoot Capital Services Limited	2,43,910	1.48
		Muthoot Equities Ltd	5000	10
		Muthoot Exim Private Ltd	5500	26.83
		Muthoot Housing Finance Company Ltd	3265	0.01
		Muthoot Infrastructure Private Ltd (formerly Muthoot Infrastructure Ltd)	26,667	33.33
		Muthoot Kuries Private Ltd	16,500	33
		Muthoot Pappachan Chits (India) Pvt Ltd	1,11,740	26.93
		Muthoot Microfin Ltd	27,02,867	2.37
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,333	6.66

** The entity is in the process of being wound-up. The approval of the relevant registrar of companies is awaited in this regard.*

Debenture/ Subordinated Debt/ PDI holding of directors

As on March 31, 2019 the Company has not availed any subordinated debt from the Directors of the Company.

The Directors do not hold any secured redeemable nonconvertible debentures in the Company as on date of this Draft Prospectus.

Details of PDIs of the Company held by the Directors as on date 31st March 2019 are as follows:

Name of Director	Number of debentures held	Amount (₹ *in lakhs*)
Thomas John Muthoot	320	1,600.00
Thomas George Muthoot	320	1,600.00
Thomas Muthoot	320	1,600.00

Corporate Governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company has in place processes and systems whereby it complies with the requirements to the corporate governance provided in SEBI Listing Regulations (to the extent applicable to a company which has listed debt securities) and the applicable RBI Guidelines. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

Our Company believes that its Board is constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Details of various committees of the Board of Directors

Our Company has constituted the following committees:

Committees of Board of Directors

The Board has constituted among others, the following committees of Directors: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Asset Liability Management Committee; (iv) Risk Management Committee; (v) Stake Holders Relationship Committee; (vi) CSR Committee; (vii) Debenture Issue Committee; () (viii) Operations Committee and (ix) IT Strategy Committee. The details of these committees are set forth below:

I. Audit Committee

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

Name	Designation in the committee	Designation
Ramakrishnapillai Kamalasanan Nair	Chairman	Independent Director
A.P Kurian	Member	Independent Director
Thomas George Muthoot	Member	Director

The terms of reference of the Audit Committee, *inter alia,* include:

i. The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
ii. Review and monitor the Auditor's independence and performance, and effectiveness of Audit process.
iii. Examination of the financial statement and the Auditors' Report thereon.
iv. Approval or any subsequent modification of transaction of the Company with related parties.
v. Scrutiny of inter-corporate loans and investments.
vi. Valuation of undertakings or assets of the Company wherever it is necessary.
vii. Evaluation of internal financial controls and risk management systems
viii. Monitoring the end use of funds raised through public offers and related matters.

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted on February 15, 2016, pursuant to Section 178 of the Companies Act, 2013. The members of the Nomination and Remuneration Committee as on date of the Draft Prospectus are:

Name	Designation in the committee	Designation
Thomas George Muthoot	Chairman	Director
Ramakrishnapillai Kamalasanan Nair	Member	Independent Director
Vikraman Ampalakkat	Member	Independent Director

The terms of reference of the Nomination and Remuneration Committee, *inter alia*, include:

i. Identifying and recommending to the Board of Directors, the nominees qualified to serve on the Board of Directors and committees thereof;
ii. Evaluating the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors;
iii. Assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment to the Managing Director, whole-time Directors and executive Directors.
iv. To provide independent oversight of and to consult with management regarding the Company's compensation, bonus, pension, and other benefit plans, policies and practices applicable to the Company's executive management;

III. Corporate Social Responsibility Committee

As per the provisions of Sec 135 of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board.

Name	Designation in the committee	Designation
Ramakrishnapillai Kamalasanan Nair	Chairman	Independent Director
Thomas John Muthoot	Member	Manging Director
Thomas George Muthoot	Member	Director
Thomas Muthoot	Member	Executive Director

IV. Asset Liability Management Committee

The members of the Asset liability Management Committee as on the date of the Draft Prospectus are:

Name	Designation in the committee	Designation
Thomas John Muthoot	Chairman	Managing Director
Thomas Muthoot	Member	Executive Director cum CFO
Vasudevan Ramaswami	Member	Chief Operating Officer
Joseph Oommen	Member	V.P. (Finance and Accounts)
Nadanasabapathy R	Member	V.P. (Resource Planning and Treasury)
Sri Hari Rao Mukkamala	Member	Vice President (Risk Management)

The terms of reference of the Asset Liability Management Committee, *inter alia*, include:

i. Balance sheet planning from a risk - return perspective including the strategic management of interest rate and liquidity risks;
ii. Identifying balance sheet management issues like balance sheet gaps and reviewing the liquidity contingency plan;
iii. Pricing of products;
iv. Reviewing the results of and progress in implementation of the decisions made in the previous meetings;
v. Articulating the current interest rate view and basing its decisions for future business strategies on this view; and
vi. Capital requirement forecasts, capital allocation and monitoring of capital adequacy requirements.

V. Risk Management Committee

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

Name	Designation in the committee	Designation
Ramakrishnapillai Kamalasanan Nair	Chairman	Independent Director
Thomas John Muthoot	Member	Managing Director
Thomas Muthoot	Member	Executive Director

The terms of reference of the Risk Management Committee, *inter alia*, include:

i. Assisting the Board of Directors in the articulation of its risk appetite;

ii. Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assess, manages and monitors risk;
iii. Recommend to the Board of Directors clear standards of ethical behavior required of Directors and employees and encouraging observance of these standards;
iv. Assessment of the Company's risk profile and key areas of risk in particular; and
v. Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

VI. IT Strategy Committee

The Company has constituted the IT Strategy Committee as per the Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017.
The members of the Committee are given below:

Name	Designation in the committee	Designation
Vikraman Ampalakkat	Chairman	Independent Director
Thomas John Muthoot	Member	Managing Director
Thomas George Muthoot	Member	Director

The responsibilities of the IT Strategy Committee are:

i. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
ii. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
iii. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
iv. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
v. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

VII. Stake Holders Relationship Committee

The Stake Holders Relationship Committee was constituted by the Board of Directors at their meeting held on May 7, 2014. The members of the Stake Holders Relationship Committee, as on the date of the Draft Prospectus are:

Name	Designation in the committee	Designation
Thomas George Muthoot	Chairman	Director
Joseph Oommen	Member	Senior Vice President-Finance and Accounts
Sri Hari Rao Mukkamala	Member	Vice President – Risk Management

The terms of reference of the Stake Holders Relationship Committee, *inter alia*, include considering and resolving the grievances of the holders of securities of the Company.

Key managerial personnel of our Company

Our operations are overseen by a professional management team. In addition to the Managing Director and Chief Financial Officer as set forth above, following are the key managerial personnel:

Name of the Employee	Designation
T D Mathai	Company Secretary

Compensation of our Company's key managerial personnel

In addition to the remuneration payable to the Managing Director & Chief Financial Officer, our Company paid a total remuneration of ₹34,84,483 to its employees who were key managerial personnel during the financial year ended March 31, 2019.

Bonus or profit sharing plan of the key managerial personnel

Nil

Interest of key managerial personnel

None of our key managerial personnel has been paid any consideration of any nature from our Company, other than their remuneration.

Payment or Benefit to Officers of our Company

Nil

Shareholding of our Company's key managerial personnel

Not Applicable

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three financial years, as per the requirements under "*Accounting Standard 18 – Related Party Transactions*" specified under the Companies Act, refer to the chapter "*Financial Statements*" beginning on 120.

OUR PROMOTER

Profile of the Promoters

The Promoters of the Company are:

Mr. Thomas John Muthoot
Passport No.: H8181033
PAN: ABNPT4694B

Mr. Thomas Muthoot
Passport No.: G1447637
PAN: AEAPM0424L

Mr. Thomas George Muthoot
Passport No.: H2951468
PAN: ABNPT4693G

For additional details on the age, background, personal address, educational qualifications, experience, experience in the business of the Company, positions/posts held in the past, terms of appointment as Directors and other directorships of the Promoters, please see "*Our Management*" on page 101.

Interest of Promoters in the Company

Except as disclosed below, other than as Director and shareholders of our Company, the Promoters do not have any other interest in the Company. Further, the Promoters have given certain personal guarantees in relation to loan facilities utilised by the Company. For details please see "*Financial Indebtedness*" at page 394

The Promoters are eligible for dividend that may be declared by the Company and to the extent of the remuneration received by them in their capacity as Directors.

They are also interested to the extent of advance received towards sale of immovable properties and advance received by a firm in which Promoters are partners towards sale of shares of a promoter group company.

Certain branches of the Company are operated on properties owned by the Promoters. Details are as below:

Sr. No.	Type of Property	Nature of interest*
1.	Kayamkulam branch in Kerala	The Company has been operating the branch since July 15, 2008. The current Lease Agreement was executed between the Company and Thomas John Muthoot on March 30, 2012.
2.	Pathanamthitta branch in Kerala	The Company has been operating the branch since April 2, 2011. The current Lease Agreement was executed between Company and Thomas George Muthoot acting for himself, for other Promoters i.e. Thomas Muthoot and Thomas John Muthoot, and for Janamma Muthoot and Mathew M Thomas on March 30, 2012
3.	Ernakulam branch in Kerala	The Company has been operating the branch since April 2, 2011. The current Lease Agreement was executed between Company and Thomas George Muthoot acting for himself, other Promoters i.e. Thomas Muthoot and Thomas John Muthoot, and for Janamma Muthoot and Mathew M Thomas on March 30, 2012.
4.	Chetpet Branch in Tamilnadu	The current Lease Agreement was executed between Company and Thomas George Muthoot March 30, 2012.

Sr. No.	Type of Property	Nature of interest*
5.	Aryasala Branch in Kerala	The current Lease Agreement was executed between Company and Thomas George Muthoot, Thomas Muthoot and Thomas John Muthoot, March 30, 2012.
6.	Kozhencherry Branch in Kerala	The current Lease Agreement was executed between Company and Janamma Thomas March 30, 2012.

Further, no properties owned by the Promoters have been purchased by the Company in the last 2 (two) years.

The Company has entered into following agreements with Promoter Group entities:

1. The Company has *vide* agreement dated June 29, 2016 and subsequent addendums dated March 28, 2018 and December 28, 2018 respectively with MEI, agreed to acquire a property consisting of building admeasuring to 73,855 sq.ft. and land admeasuring to 99.05 cents for a total consideration of ₹5,308.00 lakhs. The Company has paid an advance of ₹ 4,989.52 lakhs to MEI towards the consideration payable in terms of the aforesaid agreement. The balance amount payable towards consideration is ₹ 318.48 lakhs.

2. The Company has *vide* agreement dated November 2, 2016 and subsequent addendums dated March 28, 2018 and December 28, 2018 respectively with MEI, agreed to acquire a property consisting of building admeasuring to 36,828 sq.ft. and land admeasuring to 2,284.70 cents for a total consideration of ₹ 21,946.00 lakhs. The Company has paid an advance of ₹ 20,591.36 lakhs to MEI towards the consideration payable in terms of the aforesaid agreement. The balance amount payable towards consideration is ₹1,354.64 lakhs.

3. The Company has *vide* agreement dated May 19, 2017 and subsequent addendums dated March 28, 2018 and December 28, 2018 respectively with MEI agreed to purchase 1,50,00,000 equity shares of MPG Hotels & Infrastructure Ventures Private Limited (a company in which the promoters are interested) at a price of ₹ 153/- per share amounting to ₹ 22,950 lakhs. Till date, the Company has paid ₹ 19,809.63 lakhs as an advance to MEI towards purchase consideration. The balance amount payable towards consideration is ₹ 3,140.37 lakhs.

4. The Company has *vide* agreement dated January 21, 2016 and subsequent addendums dated July 8, 2016, March 30, 2018 and December 28, 2018 respectively, with Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mr. Thomas Muthoot and Mrs Janamma Thomas, agreed to acquire Land admeasuring 23.665 cents, at a consideration of ₹1,112.00 lakhs against which an advance amounting to ₹1,056.40 lakhs has been paid. The balance amount payable towards consideration is ₹55.60 lakhs

5. The Company has *vide* agreement dated May 27, 2016 and subsequent addendums dated November 15, 2016, March 30, 2018 and December 28, 2018 respectively, with Mr. Thomas John Muthoot, Mrs. Thomas George Muthoot and Mr. Thomas Muthoot agreed to acquire Building admeasuring 8,764 sq.ft and related undivided portion of land, at a consideration of ₹ 832.50 lakhs against which an advance amounting to ₹ 666 lakhs has been paid to Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot . The balance amount payable towards consideration is ₹ 166.50 lakhs.

6. The Company has *vide* agreement dated May 4, 2016 and subsequent addendums dated October 20, 2016, March 30, 2018 and December 28, 2018 respectively, agreed to acquire building admeasuring 10,170 sq.ft., for a total consideration of ₹ 1,565.50 lakhs from MPG Hotels & Infrastructure Ventures Private Limited (MHIVPL), against which an advance of ₹ 1,487.26 lakhs has been paid to MHIVPL. The balance amount payable towards consideration is ₹ 78.24 lakhs.

All the aforementioned transactions have not been concluded till date. The Company may or may not pursue for the conclusion of the aforesaid transaction based on viability of the acquisition. The total Advances paid towards the aforesaid transactions is ₹48,600.17 Lakhs and the balance consideration payable is ₹.5,113.83 Lakhs as on date.

The Company is not proposing to utilize any part of issue proceeds to complete the aforesaid transactions.

Our Promoter does not propose to subscribe to the Issue. For details of the shareholding of the Promoters in our Company, please see "*Capital Structure*" on page 50.

Other understandings and confirmations

Our Promoters and relatives of the Promoters have confirmed that they have not been identified as willful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters in the past or are currently pending against them. None of our Promoters are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

SECTION V-FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MUTHOOT FINCORP LIMITED**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Muthoot Fincorp Ltd., Muthoot Centre, Punnen Road, Trivandrum - 695039** (herein after referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, including the notes to the Consolidated Ind AS Financial Statements, a summary of significant accounting policies and other explanatory information ("Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS Financial Statements. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>a) Computation of provision towards impairment of loan assets (Refer Note 8 of the accompanying financial statements)

As at 31 March 2019, the Group had reported total Impairment loss allowance of Rs.25,599.21 lakhs (31 March 2018 – Rs.21,446.21 lakhs).

A significant degree of judgement is required to determine the timing and amount of Impairment loss allowance to be recognized with respect to loans assets. Based on our risk assessment, the following are the significant judgements and estimates, that impact Impairment loss allowance:

- Completeness and timing of recognition of default, in accordance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Loan assets;
- Measurement of provision is dependent on the probability of default (PD) and loss given default</td><td>The audit procedures performed, among others, included:

- Considering the Group's policies, processes & assumptions for NPA identification and provisioning and assessing compliance with the RBI norms.

- Understanding, evaluating and testing the design and effectiveness of key controls around identification of impaired accounts by the Holding Company .

- Performing other procedures including substantive audit procedures covering the identification of NPAs of the Holding Company such as:

• Reading account statements and related information of the borrowers on sample basis.
• Performing inquiries with credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA.
• Holding discussions with the management on sectors where there is</td></tr>
</table>

(LGD) of each category of loan asset. Identification of PD and LGD involves significant judgements and estimates related to forward looking information. Since the identification of NPAs and providing for Impairment loss allowance requires significant level of estimation and given its significance to the overall audit, we have ascertained the computation of provision towards impairment of loan assets as a key audit matter.	perceived credit risk and the steps taken to mitigate the risks to identified sectors. - Tested on sample basis the calculation performed by the management for impairment loss allowance & the realizable value of assets provided as security against loans classified as non-performing for computing the Impairment Loss Allowance.
b) Implementation of Ind AS The Holding Company was required to move from the Indian GAAP to Ind AS from 1st April, 2018, with the effective date of transition being 1st April, 2017. This had substantially changed the financial reporting framework and accounting treatment for some of the Key Financial information, including restating of corresponding previous year figures. Following are the key changes: 1. Interest income and interest expense is recognized using effective interest rate method, while in previous GAAP, it was recognized as per the principles of Accounting Standard 9 and relevant RBI regulations. 2. Application of Expected Credit Loss method to assess the impairment on financial instruments. 3. Fair Valuation of Financial Instruments. 4. Securitised loans, which were derecognized in previous GAAP is brought back to books as per the Ind AS.	The audit procedures performed, among others, included: - Ensuring reference to relevant Indian Accounting Standards with respect to the completeness and accuracy of the adjustments identified by the management. - Reviewing internal financial controls, around the information used for arriving at the Ind AS adjustments and verification of the base data used for Ind AS adjustments. - Re-computation of journal entries made to the Indian GAAP figure to give effect of Ind AS. **Key Observations / finding**: Based on the above procedures performed, we concluded that there are no material misstatements.

Information other than the Financial Statements and Auditor's Report thereon
The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Ind AS Financial Statements, Standalone Ind AS Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiary companies, is traced from their financial statements audited by the other auditors.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements
The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the subsidiaries included in the consolidated financial statements, which have been audited by other auditors, such other auditor shall remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in planning the scope of our audit work and in evaluating the results of our work; and to evaluate the effect of any identified misstatements in the Consolidated Ind AS Financial Statements.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would be reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements / financial information of the subsidiaries, whose financial statements reflect total assets of Rs.461,527.93 lakhs as at 31 March 2019, total revenues of Rs.91,141.55 lakhs and net cash flows amounting to Rs.13,208.02 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements / financial information has been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b) The comparative financial information of the Group for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017, included in these Consolidated Ind AS Financial Statements, are based on the previously issued Consolidated Financial Statements of the Company prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by us for the year ended March 31, 2018 as per our Independent Auditor's Report dated June 08, 2018 and by M/s. A Cherian & Associates, Chartered Accountants for the year ended March 31, 2017 as per their Independent Auditor's Report dated May 09, 2017 respectively, which expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of the above matters.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements / financial

information of the subsidiaries referred to in Other Matters section above, we report, to the extent applicable that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Ind AS Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors, and the reports of the statutory auditor of its subsidiaries, none of the directors of the Group Companies is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A",** which is based on the auditors' reports of the Holding company and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii. The Holding Company and its subsidiaries did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

For For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

CA. R. Sreenivasan
Partner
Membership No.: 020566

Place: Kochi
Date: 17th August, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Consolidated Ind AS Financial Statements as of and for the year ended 31 March 2019

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"):

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of **Muthoot Fincorp Limited** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which includes internal financial controls over financial reporting of the Company and its subsidiaries.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies are sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that; (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary companies, are based solely on the corresponding reports of the auditors of such company.

Our opinion is not modified in respect of the above matter.

For For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

CA. R. Sreenivasan
Partner
Membership No.: 020566

Place: Kochi
Date: 17th August, 2019

Muthoot Fincorp Limited
Consolidated Balance Sheet as at 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars		As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	95,902.14	85,472.18	68,752.43
Bank Balance other than cash and cash equilvalents	6	17,881.02	15,538.53	13,925.28
Receivables	7			
(I) Trade receivables		3,250.54	3,468.81	2,228.24
(II) Other receivables		-	-	-
Loans	8	15,56,851.47	14,50,844.44	12,76,865.81
Investments	9	6,781.66	7,085.96	16,359.80
Other financial assets	10	28,927.94	36,082.08	17,736.29
Non-financial Assets				
Current tax assets (Net)		1,990.13	1,159.60	6,485.86
Deferred tax asset (Net)	35	5,621.71	4,202.84	1,872.58
Investment property	11	30,096.72	30,031.42	30,012.94
Property, Plant and Equipment	12	52,004.41	53,170.49	56,497.38
Capital work -in-progress	13	65.80	-	58.65
Intangible assets under development	14	2.95	71.75	629.00
Other Intangible assets	14	1,813.07	1,871.96	905.70
Other non financial assets	15	36,419.66	35,373.27	63,000.37
Total assets		**18,37,609.22**	**17,24,373.33**	**15,55,330.33**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables	16			
(I) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		1.59	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		311.67	199.41	102.33
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		1.69	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		46,898.05	1,766.12	1,500.07
Debt Securities	17	54,008.85	85,412.30	1,50,998.56
Borrowings (other than debt securities)	18	11,29,466.69	10,72,696.17	8,59,777.72
Subordinated Liabilities	19	2,75,517.96	2,96,187.86	2,52,941.00
Other Financial liabilities	20	60,150.87	66,154.77	1,11,847.04
Non-financial Liabilities				
Current tax liabilities (net)		3,686.28	127.91	254.01
Provisions	21	1,609.77	1,412.69	867.76
Deferred tax liabilities (net)	35	4,786.78	2,528.15	1,740.29
Other non-financial liabilities	22	2,263.36	1,718.39	1,751.74
Equity				
Equity share capital	23	19,370.56	19,370.56	19,370.56
Other equity	24	2,09,388.95	1,55,317.90	1,49,623.21
Equity attributable to equity holders of the parent		2,28,759.51	1,74,688.46	1,68,993.77
Non-controlling interest		30,146.15	21,481.10	4,556.04
Total Equity		2,58,905.66	1,96,169.56	1,73,549.81
Total Liabilities and Equity		**18,37,609.22**	**17,24,373.33**	**15,55,330.33**
See accompanying notes to the financial statements	1 to 4			

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

Date: 17/08/2019
Place: Kochi

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Muthoot Fincorp Limited
Consolidated statement of Profit and Loss for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars		For the period ended 31st March 2019	For the period ended 31st March 2018
Revenue from operations			
Interest income	25	2,93,225.92	2,54,244.00
Dividend income		18.88	18.77
Rental income		335.13	313.47
Fees and commission income		8,647.47	6,817.71
Net gain on fair value changes	26	17,679.10	(540.32)
Net gain on derecognition of financial instruments under amortised cost category		8,426.04	299.88
Sale of services		409.86	211.59
Others	27	3,106.61	3,482.71
Total Revenue from operations		**3,31,849.01**	**2,64,847.81**
Other Income	28	3,527.32	891.31
Total Income		**3,35,376.33**	**2,65,739.12**
Expenses			
Finance costs	29	1,61,409.55	1,37,404.63
Fees and commission expenses		129.35	136.40
Impairment of financial instruments	30	5,760.56	8,018.33
Employee benefit expenses	31	61,596.71	52,282.03
Depreciation, amortization and impairment	32	7,548.46	7,507.65
Other expenses	33	45,973.22	40,032.76
Total Expenses		**2,82,417.85**	**2,45,381.80**
Profit/(loss) before tax		**52,958.48**	**20,357.32**
Tax Expense:			
(1) Current tax	35	16,318.87	9,965.32
(2) Deferred tax charge/ (credit)	35	(621.55)	(1,597.70)
Profit/(loss) for the period		**37,261.16**	**11,989.70**
Other Comprehensive Income			
A (i) Items that will not be classified to profit or loss (specify items and amounts)			
Remeasurement of the defined benefit liabilities		14.47	389.87
Net gain / (loss) on equity instruments measured through other comprehensive income		(66.59)	(360.58)
(ii) Income tax relating to items that will not be reclassified to profit or loss		19.54	(10.72)
Subtotal (A)		**(32.58)**	**18.57**
B (i) Items that will be classified to profit or loss (specify items and amounts)			
Remeasurement of loan assets		4,342.87	9.15
(ii) Income tax relating to items that will be reclassified to profit or loss		(1,264.64)	(3.20)
Subtotal (B)		**3,078.23**	**5.95**
Other Comprehensive Income (A + B)		**3,045.65**	**24.52**
Total Comprehensive Income for the period		**40,306.81**	**12,014.22**
Profit for the year attributable to			
Equity holders of the parent		30,942.62	12,033.35
Non-controlling interest		6,318.54	(43.65)
Total Comprehensive income for the year, net of tax			
Equity holders of the parent		33,064.91	12,060.40
Non-controlling interest		7,241.90	(46.18)
Earnings per equity share			
Basic (Rs.)		15.97	6.21
Diluted (Rs.)		15.97	6.21

See accompanying notes to the financial statements 1 to 4

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

Date: 17/08/2019
Place: Kochi

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Muthoot Fincorp Limited
Consolidated cash flow statement for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	**52,958.48**	**20,357.32**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on Property, plant and equipment	7,070.68	7,138.87
Depreciation on intangibles	477.78	368.78
Dividend Income	(18.88)	(18.77)
Unrealised fair value adjustments	326.00	(10,910.24)
Profit on sale of investment	(26,364.55)	(11,030.38)
Impairment of loan assets	1,438.43	8,285.67
Bad debts written off	57.56	21.73
Impairment on assets held for sale	37.80	(19.12)
Impairment gain on other receivables	(20.74)	-
Adjustment towards effective interest rate in respect of borrowings	21.82	342.24
Fair Value adjustment on subordinate liabilities desugnated at FVTPL	(1,403.63)	-
Impairment on Investments	-	(276.49)
Intangibles Written off		10.00
Operating Profit Before Working Capital Changes	**34,580.75**	**14,269.61**
Adjustments for Working capital changes:		
Decrease/(Increase) in trade receivables	218.27	(1,240.57)
Increase in loans assets	(1,03,160.15)	(1,82,276.88)
Decrease in other financial assets	7,174.88	(18,345.79)
Decrease in other non financial assets	(1,046.39)	27,627.10
Increase in trade and other payables	45,247.47	363.13
Decrease in other financial liabilities	(6,003.90)	(45,692.27)
Increase/ (Decrease) in other non financial liabilities	544.97	(33.35)
Increase in provisions	211.55	934.80
Operating proft before tax	**(22,232.55)**	**(2,04,394.22)**
Taxes paid	(13,662.64)	(15,269.67)
Net cash used in operating activities	**(35,895.19)**	**(2,19,663.89)**
B. Cash flow from Investing activities		
Sale of investment	26,238.46	31,149.49
Investment in property	(65.30)	(18.48)
Purchase of property, plant and equipment	(6,583.17)	(4,636.42)
Sale of PPE	612.77	883.09
Sale of intangibles	68.80	557.25
Purchase of intangibles	(418.89)	(1,335.04)
Increase in fixed deposit	(2,342.49)	(1,613.25)
Dividend income	18.88	18.77
Net cash used in investing activities	**17,529.06**	**25,005.41**
C. Cash flow from Financing activities		
Issue of shares to Non Controlling Interest	24,996.61	23,172.25
Redemption of debt securities	(31,403.45)	(65,586.26)
Funds borrowed	56,748.70	2,12,576.21
(Decrease)/Increase in subordinated liability	(19,266.27)	43,246.86
Payment of dividend	(2,335.23)	(1,684.25)
Shares on consolidation of ESOP Trust	-	(415.67)
Issue of shares for ESOP	55.73	69.09
Net cash flows from financing activities	**28,796.09**	**2,11,378.23**
D Net increase in cash and cash equivalents	10,429.96	16,719.75
Net cash and Cash Equivalents at beginning of the year	85,472.18	68,752.43
Cash and cash equivalents at 31st March 2019/ 31st March 2018	**95,902.14**	**85,472.18**

See accompanying notes to the financial statements

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

Date: 17/08/2019
Place: Kochi

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Muthoot Fincorp Limited
Consolidated statement of changes in equity for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

A. Equity share capital

Particulars	No. of shares	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2017	**19,37,05,560**	19,370.56
Issued during the year	-	-
As at March 31, 2018	**19,37,05,560**	**19,370.56**
Issued during the year	-	-
As at March 31, 2019	**19,37,05,560**	**19,370.56**

B. Other equity

Particulars	Reserves and Surplus								Other Comprehensive Income			Total attributable to equity holders of the parent	Total non-controlling interest	Total
	Securities Premium	Statutory Reserve (Pursuant to Section 45-IC of the RBI Act 1934)	Statutory Reserve (Pursuant to Section 29C of the NHB Act 1987)	Debenture Redemption Reserve	Retained Earnings	General Reserve	Treasury shares	Employee stock options outstanding	Equity Instrument through OCI	Acturial valuation of gratuity impact through OCI	Loan assets through other comprehensive income			
Balance as at 1st April 2017	**38,129.85**	**31,830.05**	**95.48**	**11,908.83**	**65,635.47**	**-**	**-**	**11.77**	**(5.39)**	**-**	**2,017.15**	**1,49,623.21**	**4,556.04**	**1,54,179.25**
Profit for the year	-	-	-	-	12,033.35	-	-	-	-	-	-	12,033.35	(43.65)	11,989.70
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(235.77)	257.94	4.88	27.05	(2.53)	24.52
Additions during the year	-	-	-	-	-	-	(415.67)	-	-	-	-	(415.67)	-	(415.67)
Changes during the year in employee stock options outstanding	-	-	-	-	-	-	-	45.81	-	-	-	45.81	-	45.81
Proceeds on transfer during the year	-	-	-	-	-	3.33	19.95	-	-	-	-	23.28	-	23.28
Write back from Debenture Redemption Reserve	-	-	-	(7,629.15)	7,629.15	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	4,025.55	-	-	(4,025.55)	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 29-C of NHB Act, 1987	-	-	371.00	-	(371.00)	-	-	-	-	-	-	-	-	-
Income Tax – Prior Years	-	-	-	-	(10,535.89)	-	-	-	-	-	-	(10,535.89)	-	(10,535.89)
Adjustments to NCI	-	-	-	-	-	-	-	-	-	-	-	-	23,172.25	23,172.25
Effects of dilution in stake	-	-	-	-	6,201.01	-	-	-	-	-	-	6,201.01	(6,201.01)	-
Dividend Paid	-	-	-	-	(1,399.37)	-	-	-	-	-	-	(1,399.37)	-	(1,399.37)
Dividend Tax Paid	-	-	-	-	(284.88)	-	-	-	-	-	-	(284.88)	-	(284.88)
As at 31st March 2018	**38,129.85**	**35,855.60**	**466.48**	**4,279.68**	**74,882.29**	**3.33**	**(395.72)**	**57.58**	**(241.16)**	**257.94**	**2,022.03**	**1,55,317.91**	**21,481.10**	**1,76,799.00**
Profit for the year	-	-	-	-	30,942.62	-	-	-	-	-	-	30,942.62	6,318.54	37,261.16
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(43.34)	5.54	2,160.08	2,122.28	923.36	3,045.64
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	-	-	-	32.46	-	-	-	32.46	-	32.46
Proceeds on transfer during the year	-	-	-	-	-	(29.39)	52.66	-	-	-	-	23.27	-	23.27
Reversal of deferred tax	-	-	-	-	(216.23)	-	-	-	-	-	-	(216.23)	-	(216.23)
Write back from Debenture Redemption Reserve	-	-	-	(3,303.35)	3,303.35	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	6,125.84	-	-	(6,125.84)	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 29-C of NHB Act, 1987	-	-	357.00	-	(357.00)	-	-	-	-	-	-	-	-	-
Earlier years adjustments	-	-	-	-	(71.59)	-	-	-	-	-	-	(71.59)	-	(71.59)
Effects of dilution in stake	-	-	-	-	23,573.46	-	-	-	-	-	-	23,573.46	(23,573.46)	-
Adjustments to NCI	-	-	-	-	-	-	-	-	-	-	-	-	24,996.61	24,996.61
Dividend Paid	-	-	-	-	(1,937.06)	-	-	-	-	-	-	(1,937.06)	-	(1,937.06)
Dividend Tax Paid	-	-	-	-	(398.17)	-	-	-	-	-	-	(398.17)	-	(398.17)
As at 31st March 2019	**38,129.85**	**41,981.44**	**823.48**	**976.33**	**1,23,595.84**	**(26.06)**	**(343.06)**	**90.04**	**(284.50)**	**263.48**	**4,182.11**	**2,09,388.95**	**30,146.15**	**2,39,535.10**

See accompanying notes to the financial statements

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

Date: 17/08/2019
Place: Kochi

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Significant Accounting Policies

1. Corporate Information

Muthoot Fincorp Limited, (the Company), is a Public Limited Company, incorporated on June 10, 1997 under the provisions of Companies Act, 1956. The Company is a Non-Deposit Accepting Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) and is classified as a Non- Deposit Taking Systematically Important Loan Company (NDSI).

Muthoot Fincorp Limited, the flagship company of the 130 year old Muthoot Pappachan Group, together with its subsidiaries (collectively, the Group), provides a diverse mix of retail offerings catering to the various needs of its customers and is primarily engaged in business of Gold Loans through its branch network across India. The Group also offers Business Loans, Housing Finance Loans, Loans to Microfinance sector, Forex Services, Money Transfer Services and Wealth Management Services to its customers in its strive to be the most trusted financial service provider. The Company is engaged in real estate business to a very limited extent.

The Company has 3 subsidiaries, Muthoot Housing Finance Company Limited (or "MHFCL" or "Muthoot Housing"), Muthoot Pappachan Technologies Limited (or "MPT") and Muthoot Microfin Limited (or "MML" or "Muthoot Microfin") (formerly known as Pancharatna Securities Limited), which are incorporated in India.

Muthoot Housing Finance Company Limited (MHFCL) is a Housing Finance Company registered with the National Housing Bank ("NHB") under Section 29 A of the National Housing Bank Act, 1987 and primarily engaged in housing finance activities. The company was incorporated on 05th March, 2010, and received the Certificate of Registration from the NHB on 11th February, 2011, enabling the company to carry on business as a Housing Finance Company without accepting Public Deposits. The company received its Certificate of Commencement of Business on 1st June 2011.

Muthoot Pappachan Technologies Private Limited (MPT) was initially registered as a Private Limited Company on 16th November 2012. Later, it was converted to Muthoot Pappachan Technologies Limited on 5th July 2013. Based in the Technopark campus at Thiruvananthapuram, the company provides Consulting-led Integrated portfolio of Information Technology (IT) and IT enabled services to its clients. The company in short, aims at providing Software Solution as Service to its customers.

Muthoot Microfin Limited (MML) was incorporated as a Private Limited Company in the year 1992 under the erstwhile Companies Act, 1956. Effective from 18 March, 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company (NBFC-ND) under the rules and regulations framed by the Reserve Bank of India. The company has obtained registration under the category of Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI) w.e.f. 25 March, 2015. Designed to promote entrepreneurship skills and inclusive growth among women, the company provides financial assistance to women engaged in small income generating activities under the Grameen model of lending and carries out skill development workshops and literacy classes for its clients. The company also uses its distribution channel to provide loans to members for purchase off productivity-enhancing products such as solar lamps, mobile phones and water purifiers.

The consolidated financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 17 August, 2019.

2. Basis of preparation

2.1 Statement of Compliance

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

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2019 have been prepared for first time in accordance with Ind AS. Refer to note number 45 on First time adoption to Ind AS for information on how the Company adopted Ind AS.

2.2 Principles of consolidation

These consolidated financial statements are prepared on the following basis in accordance with Ind AS 110 on "Consolidated Financial Statements" specified under Section 133 of the Act. Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the Company	Country of incorporation	Consolidated as	% shareholding of MFL (Current Year)	% shareholding of MFL (Previous Year)
Muthoot Housing Finance Company Limited	India	Subsidiary	80.58%	78.72%
Muthoot Pappachan Technologies Limited	India	Subsidiary	60.00%	60.00%
Muthoot Microfin Limited	India	Subsidiary	63.61%	70.59%

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

ii) Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other component of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn upto the same reporting date i.e. 31 March 2019. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances**.**

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

i) Investments in equity instruments at fair value through other comprehensive income (FVOCI)
ii) Financial assets and liabilities designated at fair value through profit or loss (FVTPL)
iii) Financial assets measured at fair value through other comprehensive income (FVOCI)
iv) Investments which are held for trading
v) Defined benefit plans.

2.4 Functional and presentation currency

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

3. Significant accounting policies

3.1 Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

3.2. Recognition of revenue from sale of goods and services

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

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

3.2.1 Dividend income

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

3.2.2 Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

3.2.3 Fees and commission income

Fees and commission income such as service charges, commission from fee based business lines, service income etc. are recognised on point in time basis.

3.3 Financial instruments

A. Financial Asset

3.3.1 Initial recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Loans are recognised when funds are transferred to the customers' account. Investments are recognised on the date when the Company becomes party to the contractual provisions. The Group recognises debt securities, deposits and borrowings when funds reach the Group.

3.3.2 Initial and subsequent measurement of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI).
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
4. Equity instruments measured at fair value through other comprehensive income FVTOCI.

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test
As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

3.3.3 Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

3.3.4 Financial assets measured at fair value through other comprehensive income

A 'debt instrument' is measured at fair value through other comprehensive income if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and selling the assets and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

3.3.5 Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Group's investment is classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

3.3.6 Equity instruments

The Group subsequently measures investment in equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments*: *Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments classified at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

B. Financial Liabilities

Initial recognition and measurement

All financial liabilities are initially recognised at fair value. Transaction cost that are directly attributable to the acquisition or the issue of financial liability, which are not at fair value through profit or loss, are adjusted to fair value at initial recognition.

Subsequent measurement

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

Compulsorily convertible preference shares – Subsequent measurement

Subsequent to initial recognition, compulsorily convertible preference shares, are measured at fair value, with changes in fair value being recognised in the Statement of Profit and Loss. This is because they are convertible in variable number of equity shares, and the investors of such instruments also have a put option on them, written by the Company.

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

a) The Group has transferred its contractual rights to receive cash flows from the financial asset

or

b) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

  or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3.4.2 Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Group and/or its counter parties.

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Group has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into three stages as described below:

<u>For non-impaired financial instruments</u>

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Group compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities recognize 12 months of ECL.

<u>For impaired financial instruments:</u>

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

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

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Forward looking information

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

Write-offs

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

Collateral

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as gold, cash, securities, letters of credit/guarantees, stock, current asset etc. However, the fair value of collateral affects the calculation of ECLs. The fair value of the same is based on data provided by third party or management judgements.

Impairment of Trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

3.7 Determination of fair value

The Group measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Foreign Currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

3.9 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.10 Other income and expenses

All Other income and expense are recognized in the period they occur.

3.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less and forex balances, which are subject to an insignificant risk of changes in value.

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

3.12 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.12.1 Depreciation

Tangible 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 based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 or estimated useful lives estimated by the respective management based on technical evaluation. The holding company and one of its subsidiaries, Muthoot Microfin Limited follow the Straight Line Method for providing depreciation whereas the two other subsidiaries follow Written Down Value Method.

The estimated useful lives are as follows:

Particulars	**Useful life**
Buildings	60 years
Computer	3 years
Furniture and Fixtures	5 to 30 years
Plant and Equipment	5 to 20 years
Vehicles	5 to 8 years
Windmill	22 years
Office equipment	15 years
Electrical Equipments	5 to 10 years

Leasehold improvements and assets held under finance leases are depreciated over the shorter of lease term or their useful life. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13 Intangible assets

The Group's intangible assets consist of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised by the Group over a period of 3 years, except in case of Muthoot Pappachan Technologies Limited where the computer software is amortised over a period of 10 years or over the estimated useful lives.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.14 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the Group has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of April 1, 2017.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

3.15 Impairment of non-financial assets

The Groups assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Post-employment benefits

3.16.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government, Employee State Insurance Corporation (ESIC) etc. are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The Group has no obligation, other than the contribution payable under the schemes. The Group recognizes contribution payable to the provident fund scheme / ESIC as expenditure, when an employee renders the related service. If the contribution payable to the scheme / ESIC for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

3.16.2 Defined Benefit schemes

Gratuity

The Group provides for gratuity covering eligible employees under which a lumpsum 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 Group. The Group 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 Group makes contributions to a Gratuity Fund administered by the Life Insurance Corporation of India.

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

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

3.17 Share Based Payments

The Group has formulated an Employees Stock Option Scheme to be administered through a Trust for one of its subsidiary MML. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, MML revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity

3.18 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.19 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.19.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.19.2 Deferred tax

Deferred tax

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

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.19.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.20 Contingent Liabilities and assets

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

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

3.21 Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.22 Dividends on ordinary shares

The Group recognises a liability to make distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.23 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Group has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

Group as a lessee

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased assets are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Rental Income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.24 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

4. Significant accounting judgements, estimates and assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

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

4.2 Defined employee benefit assets and liabilities

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

4.3 Fair value measurement:

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

4.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Group’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Effective Interest Rate (EIR) method

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

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India’s base rate and other fee income/expense that are integral parts of the instrument.

4.6 Other estimates:

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

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Cash on hand	8,798.40	9,706.16	11,133.64
Cheques on hand	4.03	-	-
Balances with Banks			
- in current accounts	21,715.31	22,633.23	25,135.37
- in deposit accounts having original maturity less than three months	64,784.43	52,920.47	31,873.35
Others			
-Forex Balance	533.26	212.32	610.07
Cheque in transit	66.71	-	-
Total	**95,902.14**	**85,472.18**	**68,752.43**

6 Bank Balance other than cash and cash equilvalents

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Deposit with original maturity for more than three months but less than twelve months	17,881.02	15,538.53	13,925.28
Total	**17,881.02**	**15,538.53**	**13,925.28**

7 Receivables

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
(I) Trade Receivables			
Receivables considered good - Unsecured			
Receivables from Money Transfer business	1,160.57	1,730.05	488.70
Wind Mill income receivable	1,627.07	1,095.86	1,168.90
Other Trade Receivables	462.90	642.90	570.64
Sub-Total	**3,250.54**	**3,468.81**	**2,228.24**
Less: Allowances for Impairment Loss	-	-	-
Total Net receivable	**3,250.54**	**3,468.81**	**2,228.24**
(II) Other Receivables			
Other receivables	-	17.32	17.32
Sub-Total	**-**	**17.32**	**17.32**
Less: Allowances for Impairment Loss	-	(17.32)	(17.32)
Total Net receivable	-	-	-
(I) Trade Receivables	**3,250.54**	**3,468.81**	**2,228.24**
(II) Other Receivables	**-**	**-**	**-**

Trade receivables are non-interest bearing and are short-term in nature. These consist of receivable from Government and other parties, and does not involve any credit risk.

8 Loans

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Loans (at amortised cost)			
(A)			
Retail Loans	12,41,600.12	12,33,280.51	11,20,997.09
High Value Loans	36,162.49	41,832.97	26,465.94
Staff Loan	85.95	95.11	50.53
Housing loans & other loans	1,01,290.47	78,667.67	57,425.39
Total (A) - Gross	**13,79,139.03**	**13,53,876.26**	**12,04,938.95**
Less: Impairment loss allowance	(22,120.90)	(19,240.30)	(13,886.01)
Less: Additional Impairment loss allowance as per NHB	(717.65)	(646.17)	(453.16)
Total (A) - Net	**13,56,300.48**	**13,33,989.79**	**11,90,599.78**
(B)			
Secured loans	12,30,161.19	12,02,832.81	10,57,653.01
Unsecured Loans	1,48,977.84	1,51,043.45	1,47,285.94
Total (B) - Gross	**13,79,139.03**	**13,53,876.26**	**12,04,938.95**
Less : Impairment loss allowance	(22,838.55)	(19,886.47)	(14,339.17)
Total (B) - Net	**13,56,300.48**	**13,33,989.79**	**11,90,599.78**
(C) Loans in India			
i) Public Sector	-	-	-
ii) Others	13,79,139.03	13,53,876.26	12,04,938.95
Total (C) Gross	**13,79,139.03**	**13,53,876.26**	**12,04,938.95**
Less: Impairment Loss Allowance	(22,838.55)	(19,886.47)	(14,339.17)
Total (C) Net	**13,56,300.48**	**13,33,989.79**	**11,90,599.78**
Loans (at FVOCI)			
(A)			
Other Loans	2,03,311.65	1,18,414.39	86,386.21
Total (A) - Gross	**2,03,311.65**	**1,18,414.39**	**86,386.21**
Less: Impairment loss allowance	(2,760.66)	(1,559.74)	(120.18)
Total (A) - Net	**2,00,550.99**	**1,16,854.65**	**86,266.03**
(B)			
Secured loans	-	-	-
Unsecured Loans	2,03,311.65	1,18,414.39	86,386.21
Total (B) - Gross	**2,03,311.65**	**1,18,414.39**	**86,386.21**
Less : Impairment loss allowance	(2,760.66)	(1,559.74)	(120.18)
Total (B) - Net	**2,00,550.99**	**1,16,854.65**	**86,266.03**
(C) Loans in India			
i) Public Sector	-	-	-
ii) Others	2,03,311.65	1,18,414.39	86,386.21
Total (C) Gross	**2,03,311.65**	**1,18,414.39**	**86,386.21**
Less: Impairment Loss Allowance	(2,760.66)	(1,559.74)	(120.18)
Total (C) Net	**2,00,550.99**	**1,16,854.65**	**86,266.03**
Total Loans (Net)	**15,56,851.47**	**14,50,844.44**	**12,76,865.81**

Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Disclosures on Credit quality and analysis of ECL allowance of the company and its subsidiaries

Muthoot Fincorp Limited
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. Details of the Company's internal grading system are explained in Note 44 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44

Particulars	As at 31st March 2019				As at 31st March 2018				As at 1st April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
High grade	10,66,304.57	-	-	**10,66,304.57**	11,10,140.88	-	-	**11,10,140.88**	9,57,126.38	-	-	**9,57,126.38**
Standard grade	50,326.70	-	-	**50,326.70**	40,296.39	-	-	**40,296.39**	44,511.20	-	-	**44,511.20**
Sub-standard grade	-	40,815.62	-	**40,815.62**	-	24,544.41	-	**24,544.41**	-	44,577.83	-	**44,577.83**
Past due but not impaired	-	18,307.51	-	**18,307.51**	-	10,736.06	-	**10,736.06**	-	25,819.20	-	**25,819.20**
Non- performing								**-**				
Individually impaired	-	-	31,719.35	**31,719.35**	-	-	20,021.89	**20,021.89**	-	-	15,345.30	**15,345.30**
Total	**11,16,631.27**	**59,123.13**	**31,719.35**	**12,07,473.75**	**11,50,437.27**	**35,280.47**	**20,021.89**	**12,05,739.63**	**10,01,637.58**	**70,397.03**	**15,345.30**	**10,87,379.91**

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

Particulars	For the period ended 31st March 2019				For the period ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,50,437.27	35,280.47	20,021.89	**12,05,739.63**	10,03,913.32	70,397.03	15,345.30	**10,89,655.65**
New assets originated or purchased	27,74,173.23	-	-	**27,74,173.23**	24,04,260.96	-	-	**24,04,260.96**
Assets derecognised or repaid (excluding write offs)	(24,77,300.97)	(1,89,556.10)	(1,05,582.04)	**(27,72,439.11)**	(20,02,552.40)	(1,96,292.28)	(89,332.30)	**(22,88,176.98)**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(2,13,491.84)	2,13,491.84	-	**-**	(1,61,257.35)	1,61,257.35	-	**-**
Transfers to Stage 3	(1,17,186.43)	(93.08)	1,17,279.51	**-**	(93,927.26)	(81.63)	94,008.89	**-**
Gross carrying amount closing balance	**11,16,631.26**	**59,123.13**	**31,719.36**	**12,07,473.75**	**11,50,437.27**	**35,280.47**	**20,021.89**	**12,05,739.63**

Reconciliation of ECL balance is given below:

Particulars	For the period ended 31st March 2019				For the period ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,409.00	93.96	14,227.50	**17,730.46**	2,790.32	187.12	9,715.73	**12,693.17**
New assets originated or purchased	6,364.21	-	-	**6,364.21**	7,068.03	-	-	**7,068.03**
Assets derecognised or repaid (excluding write offs)	(6,448.07)	(655.25)	(61,668.82)	**(68,772.14)**	(5,699.17)	(522.42)	(62,290.69)	**(68,512.28)**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(489.77)	776.73	-	**286.96**	(474.06)	429.48	-	**(44.58)**
Transfers to Stage 3	(268.84)	(0.34)	65,029.04	**64,759.86**	(276.13)	(0.22)	66,802.47	**66,526.12**
ECL allowance - closing balance	**2,566.53**	**215.10**	**17,587.72**	**20,369.35**	**3,408.99**	**93.96**	**14,227.51**	**17,730.46**

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Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Muthoot Microfin Limited

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 except for As at April 2017*. Details of the Company's internal grading system are explained in Note 44 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44

Particulars	As at 31st March 2019				As at 31st March 2018				As at 1st April 2017*			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
High grade	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Standard grade	2,58,314.18	9,587.19	-	**2,67,901.37**	1,78,333.74	3,007.31	-	**1,81,341.05**	1,40,784.30	3,145.20	-	**1,43,929.50**
Sub-standard grade	-	-	5,833.61	**5,833.61**	-	-	6,643.50	**6,643.50**	-	-	1,633.27	**1,633.27**
Past due but not impaired	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Non- performing												
Individually impaired	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Total	**2,58,314.18**	**9,587.19**	**5,833.61**	**2,73,734.98**	**1,78,333.74**	**3,007.31**	**6,643.50**	**1,87,984.55**	**1,40,784.30**	**3,145.20**	**1,633.27**	**1,45,562.77**

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

Particulars	For the period ended 31st March 2019				For the period ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,78,333.74	2,387.67	7,263.14	**1,87,984.55**	1,40,786.54	3,145.24	2,636.55	**1,46,568.33**
New assets originated or purchased	4,55,846.96	-	-	**4,55,846.96**	3,04,067.67	-	-	**3,04,067.67**
Assets derecognised or repaid (excluding write offs)	(3,50,447.78)	(18,010.90)	(4,299.52)	**(3,72,758.20)**	(2,58,305.64)	(3,381.54)	(203.60)	**(2,61,890.78)**
Transfers to Stage 1	7.50	(6.83)	(0.67)	**-**	186.25	(184.80)	(1.45)	**-**
Transfers to Stage 2	(24,971.00)	24,971.84	(0.84)	**-**	(3,853.58)	3,856.31	(2.73)	**-**
Transfers to Stage 3	(4,798.12)	2,192.45	2,605.67	**-**	(4,556.67)	340.04	4,216.64	**0.01**
Amounts written off	-	-	(1,681.20)	**(1,681.20)**	-	-	(769.83)	**(769.83)**
Change in fair value of loan assets	4,342.87	-	-	**4,342.87**	9.15	-	-	**9.15**
Gross carrying amount closing balance	**2,58,314.17**	**11,534.23**	**3,886.58**	**2,73,734.98**	**1,78,333.72**	**3,775.25**	**5,875.58**	**1,87,984.55**

Reconciliation of ECL balance is given below:

Particulars	For the period ended 31st March 2019				For the period ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	21.10	0.17	2,579.55	**2,600.82**	2.24	0.04	1,003.27	**1,005.55**
New assets originated or purchased	1,199.26	-	-	**1,199.26**	640.38	-	-	**640.38**
Assets derecognised or repaid (excluding write offs)	(11.85)	-	(1,006.05)	**(1,017.90)**	(0.64)	(0.01)	(69.43)	**(70.08)**
Transfers to Stage 1	0.01	(0.26)	(0.37)	**(0.62)**	0.01	(0.03)	(0.05)	**(0.07)**
Transfers to Stage 2	(14.64)	17.96	(93.98)	**(90.66)**	(0.12)	0.17	(0.02)	**0.03**
Transfers to Stage 3	(589.19)	587.72	955.28	**953.81**	(620.26)	618.91	646.48	**645.13**
Changes to models and inputs using ECL calculation'	29.08	0.01	509.65	**538.74**	(0.49)	0.73	228.35	**228.59**
Amounts written off	-	-	(373.65)	**(373.65)**	-	-	(54.75)	**(54.75)**
Additional credit loss provision made by management	-	-	-	**-**	-	-	206.04	**206.04**
ECL allowance - closing balance	**633.77**	**605.60**	**2,570.43**	**3,809.80**	**21.12**	**619.81**	**1,959.89**	**2,600.82**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Muthoot Housing Finance Company Limited

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 except for As at April 2017*. Details of the Company's internal grading system are explained in Note 44 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44

Particulars	As at 31st March 2019				As at 31st March 2018				As at 1st April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
High grade	82,366.93	-	-	**82,366.93**	58,991.73	-	-	**58,991.73**	38,373.02	-	-	**38,373.02**
Standard grade	5,590.80	-	-	**5,590.80**	7,332.40	-	-	**7,332.40**	8,287.95	-	-	**8,287.95**
Sub-standard grade	-	4,046.65	-	**4,046.65**	-	4,241.35	-	**4,241.35**	-	4,664.33	-	**4,664.33**
Past due but not impaired	-	5,353.43	-	**5,353.43**	-	5,066.65	-	**5,066.65**	-	4,189.60	-	**4,189.60**
Non- performing												
Individually impaired	-	-	3,932.66	**3,932.66**	-	-	3,035.54	**3,035.54**	-	-	1,910.49	**1,910.49**
Total	**87,957.73**	**9,400.08**	**3,932.66**	**1,01,290.47**	**66,324.13**	**9,308.00**	**3,035.54**	**78,667.67**	**46,660.97**	**8,853.93**	**1,910.49**	**57,425.39**

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

Particulars	For the period ended 31st March 2019				For the period ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	66,324.13	9,308.00	3,035.54	**78,667.67**	46,660.97	8,853.93	1,910.49	**57,425.39**
New assets originated or purchased	34,683.89	93.52	31.41	**34,808.82**	31,708.76	477.72	135.33	**32,321.81**
Assets derecognised or repaid (excluding write offs)	(9,787.43)	(1,745.26)	(653.33)	**(12,186.02)**	(9,163.62)	(1,368.65)	(547.26)	**(11,079.53)**
Transfers to Stage 1	-	2,225.43	1,037.44	**3,262.87**	-	2,201.14	680.83	**2,881.97**
Transfers to Stage 2	(2,225.43)	-	481.61	**(1,743.82)**	(2,201.14)	-	856.15	**(1,344.99)**
Transfers to Stage 3	(1,037.44)	(481.61)	-	**(1,519.05)**	(680.83)	(856.15)	-	**(1,536.98)**
Gross carrying amount closing balance	**87,957.72**	**9,400.08**	**3,932.67**	**1,01,290.47**	**66,324.14**	**9,307.99**	**3,035.54**	**78,667.67**

Reconciliation of ECL balance is given below:

Particulars	For the period ended 31st March 2019				For the period ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	74.50	131.25	263.01	**468.76**	45.56	106.85	155.06	**307.47**
New assets originated or purchased	47.15	1.57	3.34	**52.06**	31.35	3.71	12.00	**47.06**
Assets derecognised or repaid (excluding write offs)	(6.94)	(32.18)	(31.08)	**(70.20)**	(5.35)	(31.94)	(38.64)	**(75.93)**
Transfers to Stage 1	-	53.32	126.07	**179.39**	-	51.01	58.03	**109.04**
Transfers to Stage 2	1.80	-	64.89	**66.69**	2.78	-	76.56	**79.34**
Transfers to Stage 3	0.28	5.43	-	**5.71**	0.15	1.63	-	**1.78**
ECL allowance - closing balance	**116.79**	**159.39**	**426.23**	**702.41**	**74.49**	**131.26**	**263.01**	**468.76**

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has sold some loans and advances measured at amortised cost, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The table below summarises the carrying amount of the derecognised financial assets:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Carrying amount of derecognised financial assets	1,88,675.80	6,597.34	22,680.96
Gain/(loss) from derecognition	26,364.55	11,030.38	2,906.11

Transferred financial assets that are not derecognised in their entirety

The Group uses securitisations as a source of finance and a means of risk transfer. The Group securitised its gold and mircofinance loans to different entities. These entities are not related to the Group. Also, the Group neither holds any equity or other interest nor controls them.

As per the terms of the agreement, the Group is exposed to first loss amounting to 2% - 8% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying gold and microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Carrying amount of assets re - recognised due to non transfer of assets	31,934.46	3,626.98	40,103.91
Carrying amount of associated liabilities	31,934.46	3,626.98	40,103.91

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Interest in unconsolidated structured entity:

These are entities which are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Group
Securitisation Vehicle for loans	To generate - funding for the Group's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee - Credit Enhancement provided by the Company - Excess interest spread

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Aggregate value of accounts sold to securitisation company	99,089.21	-	63,510.28
Aggregate consideration	99,089.21	-	61,071.08
Quantum of credit enhancement in the form of deposits	7,005.03	-	5,422.14
Servicing fees	40.00	-	31.05

Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

9 Investments

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
(i) At Amortized Cost / At Cost			
Debt securities (At Amortized Cost)			
Bonds			
Bhavishya- Nirman Bond	-	4.99	4.99
St. Gregorious Medical Mission Bonds	300.00	300.00	300.00
Unlisted Debentures			
Investment Jalgaon Investments Private Limited	-	-	5,000.00
Investment Richa Lifespace Private Limited	612.50	612.50	700.00
Investment Diyug Construction Private Limited	282.85	282.85	400.00
Investment Richa Realtors Private Limited	1,300.00	1,300.00	1,300.00
Debt funds			
Investment in Strugence Debt Fund	1,000.00	1,000.00	1,000.00
Investment in BPEA India Credit - Trust II	610.00	610.00	-
Other securities			
Intercorporate deposit	-	-	5,800.00
Sub-total for investments at amortised cost / cost	**4,105.35**	**4,110.34**	**14,504.99**
(ii) At Fair Value through Profit or Loss			
Others - Quoted			
Investment in Edelweiss Asset Reconstruction Company	-	316.51	421.74
Investment in JM Financial India Fund II	84.60	-	-
Sub-total for investments at fair value through Profit or loss	**84.60**	**316.51**	**421.74**
(iii) At Fair Value through Other Comprehensive Income			
Equity instruments			
Others-Quoted			
Investment in Equity Shares (DP account with Motilal Oswal)	1,222.36	1,314.99	1,410.60
Others-Unquoted			
Investment in Muthoot Pappachan Chits Private Limited	4.38	4.02	22.47
Investment in Avenues India Private Limited	399.85	403.73	-
Investment in Fair Asset Technologies (P) Limited	457.93	455.03	-
Investment in Algiz Consultancy Services Private Limited	0.01	-	-
Others - Quoted			
Investment in PMS - Motilal Oswal	507.18	481.34	-
Sub-total for investments at fair value through other comprehensive income	**2,591.71**	**2,659.11**	**1,433.07**
Total Gross (A)	**6,781.66**	**7,085.96**	**16,359.80**
i) Investments outside India	-	-	-
ii) Investments in India	6,781.66	7,085.96	16,359.80
Total Gross (B)	**6,781.66**	**7,085.96**	**16,359.80**
Less : Allowance for impairment loss (C)	-	-	-
Total - Net D = (A) - (C)	**6,781.66**	**7,085.96**	**16,359.80**

10 Other financial assets

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Security deposits	6,735.09	6,251.40	5,980.18
Interest accrued on fixed deposits with banks	97.44	64.28	120.86
Advance for financial assets	19,809.63	19,809.63	4,365.50
Deposits	97.48	105.68	95.91
Deposit with original maturity for more than twelve months	119.77	159.62	357.22
Receivables from auction proceeds	-	3,992.33	4,608.09
Other financial assets	2,068.53	5,699.14	2,208.53
Total	**28,927.94**	**36,082.08**	**17,736.29**

11 Investment property

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Inventory – Projects			
Opening Balance	30,031.42	30,012.94	30,012.94
Transferred from / (to) property, plant and equipment	-	-	-
Acquisitions	65.30	18.48	-
Closing balance	**30,096.72**	**30,031.42**	**30,012.94**
Depreciation and Impairment			
Opening balance	-	-	-
Charge for the year	-	-	-
Closing Balance	**-**	**-**	**-**
Net Block	**30,096.72**	**30,031.42**	**30,012.94**

15 Other non financial assets

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Prepaid expenses	2,439.55	2,460.95	2,328.14
Advance to Creditors	573.11	334.68	992.63
Advance for Property (refer note a)	28,790.54	30,904.29	57,548.42
Pre-Deposit Fee	501.60	433.18	286.54
GST / Service Tax Receivables	429.73	346.93	791.37
Other Receivable	2,714.43	163.33	517.07
Assets held for sale (refer note b)	931.69	679.07	483.57
Capital advances	39.01	50.84	52.63
Total	**36,419.66**	**35,373.27**	**63,000.37**

(a) Advance for Property as on 31st March 2019 consists of Rs.1,722.40 (P.Y. Rs.1,722.40), Rs.1,487.26 (P.Y. Rs.1,487.26) and Rs.25,580.88 (P.Y.Rs.27,694.63) advanced by Muthoot Fincorp Limited (MFL) to its Directors and their relatives, M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) and M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) respectively for purchase of immovable property by MFL from them.

(b) Assets held for sale represents Assets acquired under satisfaction of debt by Muthoot Housing Finance Company Limited. The amounts are net of provision for impairment in value of Rs. 104.06 (P.Y. Rs. 66.26)

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Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

12 Property, plant and equipment

Particulars	Buildings	Computer	Furniture & Fixtures	Land	Plant & Equipment	Vehicles	Windmill	Office Equipment	Electrical Equipments	Leasehold Improvements	Equipment - Finance Lease	Total
Deemed Cost as at 1st April 2017	**5,883.51**	**1,698.34**	**18,748.12**	**12,408.74**	**9,762.15**	**233.45**	**7,449.78**	**183.94**	**110.49**	**18.86**	**-**	**56,497.38**
Addition during the year	-	871.31	1,902.01	1.36	1,040.83	-	-	164.97	23.35	16.69	-	4,020.52
Disposals	(32.90)	(30.95)	(6.53)	(15.03)	(118.99)	-	-	(3.42)	(2.80)	-	-	(210.62)
As at 31st March 2018	**5,850.61**	**2,538.70**	**20,643.60**	**12,395.07**	**10,683.99**	**233.45**	**7,449.78**	**345.49**	**131.04**	**35.55**	**-**	**60,307.28**
Addition during the year	-	1,139.02	2,006.85	160.48	1,460.51	-	-	238.80	29.95	68.40	1,338.66	6,442.67
Disposals	-	(31.66)	(40.79)	-	(459.43)	-	-	(9.52)	(2.13)	(0.31)	-	(543.84)
As at 31st March 2019	**5,850.61**	**3,646.06**	**22,609.66**	**12,555.55**	**11,685.07**	**233.45**	**7,449.78**	**574.77**	**158.86**	**103.64**	**1,338.66**	**66,206.11**
Accumulated Depreciation:												
As at 1st April 2017	-	-	-	-	-	-	-	-		-	-	-
Charged for the year	98.91	900.83	4,042.32	-	1,425.59	59.83	511.74	67.24	21.00	11.41	-	7,138.87
Disposals	-	(0.16)	-	-	-	-	-	(1.68)	(0.24)	-	-	(2.08)
As at 31st March 2018	**98.91**	**900.67**	**4,042.32**	**-**	**1,425.59**	**59.83**	**511.74**	**65.56**	**20.76**	**11.41**	**-**	**7,136.79**
Charged for the year	98.91	941.35	3,822.82	-	1,500.59	59.57	511.74	99.61	19.43	16.43	0.23	7,070.68
Disposals	-	(0.10)	(0.07)	-	-	-	-	(4.86)	(0.55)	(0.19)	-	(5.77)
As at 31st March 2019	**197.82**	**1,841.92**	**7,865.07**	**-**	**2,926.18**	**119.40**	**1,023.48**	**160.31**	**39.64**	**27.65**	**0.23**	**14,201.70**
Net book value:												
As at 1st April 2017	**5,883.51**	**1,698.34**	**18,748.12**	**12,408.74**	**9,762.15**	**233.45**	**7,449.78**	**183.94**	**110.49**	**18.86**	**-**	**56,497.38**
As at 31st March 2018	**5,751.70**	**1,638.03**	**16,601.28**	**12,395.07**	**9,258.40**	**173.62**	**6,938.04**	**279.93**	**110.28**	**24.14**	**-**	**53,170.49**
As at 31st March 2019	**5,652.79**	**1,804.14**	**14,744.59**	**12,555.55**	**8,758.89**	**114.05**	**6,426.30**	**414.46**	**119.22**	**75.99**	**1,338.43**	**52,004.41**

(a) The Group has elected to avail exemption under Ind AS 101 to use previous GAAP carrying value as deemed cost at the date of transition.

13 Capital work -in-progress

Particulars	Amount
As at 1st April 2017	58.65
Addition during the year	-
Written off during the year	-
Capitalised during the year	(58.65)
Disposals	-
As at 31st March 2018	**-**
Addition during the year	65.80
Capitalised during the year	-
Disposals	-
As at 31st March 2019	**65.80**

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

14 Intangible assets under development and other intangible assets

Particulars	Intangible assets under development	Computer Software*
Deemed Cost as at 1st April 2017	**629.00**	**905.70**
Addition during the year	-	1,335.04
Written off during the year	(10.00)	-
Capitalised during the year	(547.25)	-
Disposals	-	-
As at 31st March 2018	**71.75**	**2,240.74**
Addition during the year	2.95	418.89
Capitalised during the year	(71.75)	
Disposals	-	-
As at 31st March 2019	**2.95**	**2,659.63**
Accumulated Depreciation:		
As at 1st April 2017	**-**	**-**
Charged for the year	-	368.78
Disposals	-	-
As at 31st March 2018	**-**	**368.78**
Charged for the year	-	477.78
Disposals	-	-
As at 31st March 2019	**-**	**846.56**
Net book value:		
As at 1st April 2017	**629.00**	**905.70**
As at 31st March 2018	**71.75**	**1,871.96**
As at 31st March 2019	**2.95**	**1,813.07**

* The Group has elected to avail exemption under Ind AS 101 to use previous GAAP carrying value as deemed cost at the date of transition.

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

16 Payables

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
(I) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	1.59	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprise	311.67	199.41	102.33
(II) Other payables			
Total outstanding dues of micro enterprises and small enterprises	1.69	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprise	46,898.05	1,766.12	1,500.07
Total	**47,213.00**	**1,965.53**	**1,602.40**

Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Principal amount remaining unpaid during the year	3.28	-	-
Interest due thereon	-	-	-
Interest remaining accrued and unpaid at the end of the year	-	-	-
Total interest accrued and remained unpaid at year end	3.28	-	-

17 Debt Securities (At Amortised Cost)

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Secured Non-Convertible Debentures	34,162.60	68,860.45	1,03,963.54
Secured Non-Convertible Debentures - Listed*	19,846.25	16,551.85	47,035.02
Total	**54,008.85**	**85,412.30**	**1,50,998.56**
Debt securities in India	54,008.85	85,412.30	1,50,998.56
Debt securities outside India	-	-	-
Total	**54,008.85**	**85,412.30**	**1,50,998.56**

*Includes issue expenses amortised as per Effective Interest Rate (EIR)

Maturity Profile of Non-Convertible Debentures as on March 31st 2019:

Particulars	Amount
FY 2019-20	30,732.58
FY 2020-21	718.86
FY 2021-22	14,580.00
FY 2022-23	500.00
FY 2023-24	7,588.00
Adjustments on account of effective rate of interest	(110.59)
TOTAL	**54,008.85**

Secured debentures are secured in either of the following ways by the respective Company issuing the instrument:

Nature of security	Outstanding as at March 31st 2019	Outstanding as at March 31st 2018	Outstanding as at April 1st 2017
Privately placed			
Secured by subservient charge on all current assets (both present and future) and immovable property of the Company	4,272.75	39,021.85	83,632.92
Exclusive charge over book debts equivalent to 100% of the loan and interest amount	23,908.81	23,871.14	16,360.35
Exclusive charge over book debts equivalent to 110% of the loan and interest amount	3,991.93	3,981.10	3,970.27
Hypothecation of Loan Receivables of the Company equivalent to 1.1 times of the amount outstanding	1,989.11	1,986.36	-
Public Issue			
Secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company	19,846.25	16,551.85	47,035.02
Total	**54,008.85**	**85,412.30**	**1,50,998.56**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

18 Borrowings (other than debt securities) - At Amortised Cost

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
(a) Term loans			
(i) from banks	3,53,834.40	2,79,985.87	1,79,665.21
(ii) from other parties			
- financial institutions	28,103.72	18,275.33	19,872.01
(b) Finance lease obligations	1,315.82	4.28	5.37
(c) Loans repayable on demand			
(i) from banks (OD & CC)	7,13,878.20	7,74,030.60	6,59,835.04
(ii) from other parties	32,334.55	400.09	400.09
Total	**11,29,466.69**	**10,72,696.17**	**8,59,777.72**
Borrowings in India	11,29,466.69	10,72,696.17	8,59,777.72
Borrowings outside India	-	-	-

a) Security details :

Borrowings (other than debt securities) are secured in either of the following ways by the respective Company issuing the instrument:

Nature of the security	Outstanding as at 31st March 2019	Outstanding as at 31st March 2018	Outstanding as at 1st April 2017
From Banks and Financial Institutions			
Hypothecation of Loan receivables, other current assets & specified fixed assets equivalent to security cover stipulated by respective banks (Guaranteed by promoter directors Rs. 78,231.62 (31st March 2018 : Rs.93,915.79))	82,334.86	93,800.18	64,511.32
Hypothecation of Loan Receivables equivalent to security cover stipulated by respective banks (Guaranteed by promoter directors)	73,547.32	59,559.57	42,452.61
Cash margin of 2.50%	11,108.84	4,991.89	-
Cash margin of 5%	17,049.11	14,300.25	-
Cash margin of 10%	9,005.93	-	-
Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil	-	2,734.72	5,076.66
Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil	-	1,873.18	4,365.58
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 2.5%	4,494.28	3,985.46	4,959.88
Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%	11,198.80	12,060.74	5,361.15
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%	35,536.75	44,806.44	33,484.53
Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	13,328.24	29,682.25	9,046.13
Exclusive charge over book debts equivalent to 113% of loan amount and Cash margin of 5%	-	899.14	2,067.74
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 7.5%	-	-	936.50
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%	443.76	2,653.63	6,559.58
Exclusive charge over book debts equivalent to 112% of loan amount and Cash margin of 10%	-	-	1,447.89
Exclusive charge over book debts equivalent to 100% of loan amount	1,950.72	-	246.71
Exclusive charge over book debts equivalent to 105% of loan amount	-	1,070.87	2,656.05
Exclusive charge over book debts equivalent to 105% of loan amount	3,493.18	-	-
Exclusive charge over book debts equivalent to 105% of loan amount	5,335.74	3,657.63	-
Exclusive charge over book debts equivalent to 110% of loan amount	7,938.72	12,175.83	8,113.26
Exclusive charge over book debts equivalent to 110% of loan amount	77,891.14	9,228.07	4,974.14
Exclusive charge over book debts equivalent to 110%	15,958.79	-	-

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Nature of the security	Outstanding as at March 31st 2019	Outstanding as at March 31st 2018	Outstanding as at April 1st 2017
Finance lease obligations			
Hypothecation of motor car	3.06	4.28	5.35
From other parties			
Hypothecation of Loan Receivables of the Company equivalent to security cover stipulated by respective lender	43,256.50	781.27	3,277.43
Loans repayable on demand			
Hypothecation of Loan Receivables equivalent to security cover stipulated by respective banks (Guaranteed by promoter directors)	7,32,000.00	7,78,747.41	6,60,236.07

b) Terms of repayment
Secured loans from Banks

Name of Party	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	Terms of Repayment (based on last outstanding)
Term Loan from Banks				
State Bank Of India Car Loan	21.57	25.72	29.53	Repayable in 51 monthly instalments on diminishing value method
State Bank Of India Car Loan	9.33	10.73	12.00	Repayable in 60 monthly instalments on diminishing value method
Yes Bank	15,272.28	5,000.00	-	Repayable in 24 instalments. 1.67% of loan amount for next 4 instalments, 4.5% of the loan for then 19 instalments & 4.48% of the loan for the last instalment.
Lakshmi Vilas Bank	8,750.00	10,000.00	-	Repayable in 7 equal quarterly instalments till 30-11-2020
Oriental Bank Of Commerce	5,000.00	10,000.00	-	Repayable in 3 quarterly instalments of Rs.1,666.67 each in Jun 19, Sep 19 & Dec 19
Punjab & Sind	8,000.00	10,000.00	-	Repayable in 8 quarterly instalments of Rs.1,000.00 each from April 2019
Syndicate Bank	12,100.47	20,155.42	-	Repayable in 6 quarterly instalments of Rs.2,000.00 each from June 2019
Syndicate Bank	9,077.97	-	-	Repayable in 9 quarterly instalments of Rs.1,000
United Bank Of India	5,000.00	10,000.00	10,000.00	Repayable in 2 quarterly instalments of Rs.2,500.00 each
United Bank Of India	10,000.00	10,000.00	10,000.00	Repayable in 4 quarterly instalments of Rs.2,500.00 each from June 2019
Au Small Finance Bank	5,000.00	-	-	Repayable in 8 quarterly instalments of Rs.625.00 each from May 19
South Indian Bank	-	283.00	325.60	Repayable in 79 monthly instalments of 3.55 & last instalment of Rs.0.15
ICICI Bank	-	12.65	22.51	Repayable in 14 monthly instalments on diminishing value method
Punjab & Sind	-	10,000.00	10,000.00	Repayable in 4 quarterly instalments of Rs.2,500.00 each from June 2018
Syndicate Bank	-	8,428.27	25,227.19	Repayable in 2 quarterly instalments of Rs.4,166.67
State Bank Of India	-	-	146.52	Repayable in one instalment
State Bank Of India	-	-	3,788.23	Repayable in 13 monthly instalments of Rs 288.33 & last Instalment Rs 0.15
Corporation Bank	-	-	5,000.00	Repayable in 2 quarterly instalments of Rs. 2,500 each from June 2017

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	Terms of Repayment (based on last outstanding)
Tamilnadu Mercantile Bank	55.56	388.89	722.22	repayable in 36 monthly installment on diminishing value method
Union Bank- III	1,527.78	3,194.44	4,861.11	repayable in 42 monthly installment on diminishing value method
Vijaya Bank-I	-	-	937.50	repayable in 24 monthly installment on diminishing value method
HDFC Bank	-	-	400.00	Repayable in 18 monthly installments on diminishing value method
Vijaya Bank-II	500.00	2,500.00	4,500.00	repayable in 36 Quarterly installmenton diminishing value method
Lakshmi Vilas Bank	83.33	583.33	1,123.39	repayable in 39 monthly installmenton diminishing value method
Union Bank of India-II	388.89	1,055.56	1,722.22	Repayable in 42 monthly installments on diminishing value method
United Bank of India	190.00	460.00	910.00	repayable in 36 Quarterly installmenton diminishing value method
Syndicate Bank	2,000.00	4,000.00	5,000.00	repayable in 36 Quarterly installmenton diminishing value method
Lakshmi Vilas Bank-II	2,361.11	4,027.78	5,000.00	repayable in 42 monthly installment on diminishing value method
Union Bank- IV	2,750.00	5,750.00	7,212.00	repayable in 36 monthly installment on diminishing value method
State Bank of Mauritius	1,000.00	1,666.67	2,000.00	repayable in 42 Quarterly installment on diminishing value method
SIDBI	2,012.00	4,004.00	5,000.00	repayable in 36 monthly installmenton diminishing value method
Oriental Bank of Commerce	1,833.33	3,833.33	3,000.00	repayable in 30 monthly installmenton diminishing value method
Vijaya Bank-III	2,000.00	4,000.00	5,000.00	repayable in 30 Quarterly installmenton diminishing value method
IDFC Bank	571.43	2,285.71	-	Repayable in 24 monthly installments on diminishing value method
IDFC Bank	1,071.43	2,785.71	-	Repayable in 24 monthly installments on diminishing value method
ADCB	833.33	2,083.33	-	repayable in 27 monthly installmenton diminishing value method
IDBI-I	-	-	2,023.81	Repayable in 24 monthly installments on diminishing value method
IDBI- II	714.29	3,571.43	-	Repayable in 24 monthly installments on diminishing value method
Axis Bank	-	-	1,000.00	Repayable in 24 monthly installments on diminishing value method
Bank of Maharastra	-	-	1,450.00	Repayable in 24 monthly installments on diminishing value method
Axis Bank II	1,428.57	4,285.71	-	repayable in 24 Quarterly installmenton diminishing value method
Syndicate Bank II	3,000.00	5,000.00	-	repayable in 36 Quarterly installmenton diminishing value method
Bandhan Bank II	2,142.86	5,000.00	-	repayable in 24 Quarterly installmenton diminishing value method
Lakshmi Vilas Bank-III	6,666.67	10,000.00	-	repayable in 42 monthly installmenton diminishing value method
YES Bank I	-	312.50	1,562.50	Repayable in 24 monthly installments on diminishing value method
YES Bank II	625.00	1,875.00	-	repayable in 24 monthly installment on diminishing value method
United Bank of India-2	1,750.00	2,500.00	-	repayable in 36 monthly installment on diminishing value method
Woori Bank	2,333.33	3,666.67	-	repayable in 36 monthly installment on diminishing value method
SBI	-	-	883.00	repayable in 27 monthly installment on diminishing value method
SBI 2	4,400.00	9,200.00	-	repayable in 24 monthly installment on diminishing value method
Andhra Bank	3,181.82	5,000.00	-	repayable in 36 monthly installment on diminishing value method
Bank of India	1,258.00	2,086.00	-	repayable in 36 monthly installment on diminishing value method
Indus Ind Bank-2	4,090.91	9,545.45	-	repayable in 24 monthly installment on diminishing value method
Indus Ind Bank	-	227.27	500.00	repayable in 24 monthly installment on diminishing value method
Indus Ind Bank	-	1,363.64	2,500.00	repayable in 24 monthly installment on diminishing value method
Indus Ind Bank	-	1,090.91	2,000.00	repayable in 24 monthly installment on diminishing value method
SHINHAN	1,145.83	2,395.83	-	repayable in 24 monthly installment on diminishing value method
KOTAK	1,375.00	2,875.00	-	repayable in 24 monthly installment on diminishing value method
YES III (50Crs)	2,500.00	5,000.00	-	repayable in 24 monthly installment on diminishing value method
YES III (28Crs)	1,400.00	2,800.00	-	repayable in 24 monthly installment on diminishing value method
ICICI (50Crs)	3,181.82	-	-	repayable in 24 monthly installment on diminishing value method
AXIS III	3,571.43	-	-	repayable in 24 monthly installment on diminishing value method
ADCB II	1,200.00	-	-	repayable in 27 monthly installment on diminishing value method
DCB	-	545.45	1,363.64	repayable in 24 monthly installment on diminishing value method
DCB II	1,952.18	-	-	repayable in 36 monthly installment on diminishing value method
YES III (10Crs)	625.00	-	-	repayable in 24 monthly installment on diminishing value method

Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	Terms of Repayment (based on last outstanding)
SIDBI II	9,000.00	-	-	repayable in 36 monthly installment on diminishing value method
IDFC II (75Crs)	6,071.43	-	-	repayable in 24 monthly installment on diminishing value method
EQUITAS	3,857.12	-	-	repayable in 24 monthly installment on diminishing value method
NABARD Refinance	42,500.00	-	-	Repayable in 10 Half yearly installments on diminishing value method
ICICI (50Crs)	4,090.91	-	-	repayable in 24 monthly installment on diminishing value method
MUDRA	9,090.91	-	-	repayable in 36 monthly installment on diminishing value method
Woori Bank II	3,022.22	-	-	repayable in 36 monthly installment on diminishing value method
Standard Chartered Bank	5,000.00	-	-	repayable in 4 quarterly installment on diminishing value method
Ujjivan	2,500.00	-	-	repayable in 24 monthly installment on diminishing value method
Bandhan	-	857.14	1,500.00	repayable in 24 monthly installment on diminishing value method
Bandhan	-	714.29	1,000.00	repayable in 24 monthly installment on diminishing value method
Bandhan III	16,000.00	-	-	repayable in 24 monthly installment on diminishing value method
NABARD Refinance II	25,000.00	-	-	Repayable in 10 Half yearly installments on diminishing value method
DOHA Bank	2,900.00	-	-	repayable in 36 monthly installment on diminishing value method
Kotak II	6,000.00	-	-	repayable in 24 monthly installment on diminishing value method
Federal Bank-car	3.12	4.30	5.37	repayable in 60 monthly installment on diminishing value method
Federal Bank-I	-	272.73	636.36	repayable in 36 monthly installment on diminishing value method
State Bank of Travancore	-	900.00	2,100.00	repayable in 36 monthly installment on diminishing value method
Federal Bank-II	-	181.82	363.64	repayable in 36 monthly installment on diminishing value method
Dhanalakshmi Bank-II	-	611.04	1,277.76	repayable in 30 monthly installment on diminishing value method
Union Bank of India	-	764.00	1,597.28	repayable in 39 monthly installment on diminishing value method
Catholic syrian Bank-I	-	744.79	1,142.75	repayable in 48 monthly installment on diminishing value method
Catholic syrian Bank -II	-	639.08	1,267.77	repayable in 36 monthly installment on diminishing value method
South Indian Bank-I	-	189.36	643.92	repayable in 36 monthly installment on diminishing value method
South Indian Bank-II	-	265.12	719.68	repayable in 36 monthly installment on diminishing value method
Dhanalakshmi Bank-I	-	-	499.96	repayable in 27 monthly installment on diminishing value method
Andhra Bank	1,298.42	1,698.42	2,100.00	Repayable in 25 quarterly instalments after 9 months from the disbursement
Andhra Bank-II	4,720.20	4,300.00	-	Repayable in 36 equal quarterly instalments from 15th month of disbursement
AU Small Finance Bank Ltd	2,125.00	1,000.00	-	Repayable in 20 quarterly instalments after 1 month from the date of full disbursement
Canara Bank	4,394.79	4,951.85	1,500.00	Repayable in 108 monthly instalments after 13 months from the disbursement
Corporation Bank	641.39	929.00	1,214.60	Repayable in 84 monthly instalments after 1 month from the disbursement
Dhanlaxmi Bank	888.00	1,536.00	2,168.00	Repayable in 25 quarterly instalments after 9 months from the disbursement.
ICICI Bank Ltd.	1,339.29	1,696.43	2,053.57	Repayable in 28 quarterly instalments after 12 months from the disbursement
IDBI Bank	511.00	979.00	1,447.00	Repayable in 78 monthly instalments after 6 months from the disbursement
IDBI Bank II	346.20	576.96	807.72	Repayable in 26 quarterly instalments after 6 months from the disbursement
IDBI Bank III	982.80	1,086.24	1,189.68	Repayable in 58 quarterly instalments after 6 months from the disbursement
Indian Bank	7,000.00	-	-	Repayable in 29 quarterly instalment after a holiday period of 3 quarter
Karur Vysya Bank	2,361.11	2,500.00	-	Repayable in 36 equal quarterly instalments after 12 months from the disbursement

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	Terms of Repayment (based on last outstanding)
Lakshmi Vilas Bank	1,645.83	1,895.83	2,145.83	Repayable in 120 monthly instalments after 12 months from the disbursement
Punjab National Bank	3,749.73	4,305.28	4,860.97	Repayable in 36 equal quarterly instalments after 6 months from the disbursement
Punjab National Bank II	7,500.00	-	-	Repayable in 40 equal quarterly instalments after 15 months from the disbursement
South Indian Bank	2,374.97	5,597.42	7,097.52	Repayable in 84 monthly instalments after 12 months from the disbursement
South Indian Bank II	4,097.42	-	-	Repayable in 60 instalments from the disbursement
State Bank of India	3,299.58	4,099.58	4,899.71	Repayable in 27 quarterly instalments after 6 months from the disbursement
State Bank of India II	3,999.24	1,000.00	-	Repayable in 36 quarterly instalments after 4 months from the disbursement
Syndicate Bank	2,500.00	2,500.00	-	Repayable in 36 equal quarterly instalments after 15 months from the disbursement
Union Bank of India	4,037.55	4,807.33	-	Repayable in 26 equal quarterly instalments after 6 months from the disbursement
United Bank of India	2,430.56	2,500.00	-	Repayable in 36 equal quarterly instalments after 12 months from the disbursement
Vijaya Bank	749.42	1,249.46	1,749.74	Repayable in 20 quarterly instalments after 12 months from the disbursement
Vijaya Bank II	1,944.29	2,222.09	2,500.00	Repayable in 36 quarterly instalments after 12 months from the disbursement
Vijaya Bank III	2,145.54	2,424.53	2,500.00	Repayable in 36 quarterly instalments after 12 months from the disbursement
Yes Bank Ltd.	3,732.43	4,063.71	4,395.06	Repayable in 163 monthly instalments after 6 months from the disbursement
National Housing Bank	137.61	200.69	-	Repayable in 39 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank II	539.57	642.53	-	Repayable in 47 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank III	932.00	1,000.00	-	Repayable in 59 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank IV	111.99	-	-	Repayable in 27 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank V	1,304.10	-	-	Repayable in 59 quarterly instalments after quarter succeeding from the disbursement
Adjustments on account of effective rate of interest	(990.80)	(791.30)	(936.30)	
Term Loan from Others				
Mahindra & Mahindra Financial Services Limited	4,270.15	-	-	Repayable in 30 equated monthly installments upto September 2021
HDFC Limited	-	-	14.56	Repayable in 11 monthly instalments on diminishing value basis
Mahindra and Mahindra finance	557.13	1,428.09	2,202.95	repayable in 36 Monthly instalment on Dimnishing value method
Mahindra and Mahindra finance	784.51	1,630.38	2,382.91	repayable in 36 Monthly instalment on Dimnishing value method
Tata Capital Service	50.00	650.00	1,250.00	repayable in 30 Monthly instalment on Dimnishing value method
Hero Fincorp	673.37	1,575.90	2,376.05	repayable in 36 Monthly instalment on Dimnishing value method
NABKISAN	1,090.91	1,818.18	-	repayable in 36 Monthly instalment on Dimnishing value method
Mahindra and Mahindra finance II	2,007.24	4,434.46	-	repayable in 24 Monthly instalment on Dimnishing value method
Herofincorp II	1,890.39	2,500.00	-	repayable in 36 Monthly instalment on Dimnishing value method

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	Terms of Repayment (based on last outstanding)
Hero Fincorp III	2,000.00	-	-	repayable in 36 Monthly instalment on Dimnishing value method
Maanaveeya Development &Finance Private Limited	3,500.00	-	-	repayable in 36 Monthly instalment on Dimnishing value method
Capital first	-	1,875.00	4,375.00	repayable in 36 Monthly instalment on Dimnishing value method
IFMR Capital	-	66.17	209.57	repayable in 36 Monthly instalment on Dimnishing value method
Reliance Capital II	-	1,070.87	2,510.70	repayable in 24 Monthly instalment on Dimnishing value method
NABFIN	-	500.00	-	repayable in 26 Monthly instalment on Dimnishing value method
Nabard	-	-	1,000.00	Repayable in 8 Quarterly Installment on diminishing value method
IFMR 14 Cr	-	-	246.71	repayable in 36 Monthly instalment on Dimnishing value method
Reliance Capital I	-	-	153.36	repayable in 18 Monthly instalment on Dimnishing value method
Hinduja Housing Finance Company Ltd.	900.00	-	-	Repayable in 120 monthly instalments after 12 months from the disbursement
Hinduja Leyland Finance Ltd.	313.91	786.27	1,201.31	Repayable in 60 monthly instalments after 1 month from the disbursement
IFMR Capital Finance Pvt. Ltd.	-	-	762.83	Repayable in 48 EMI
IFMR Capital Finance Pvt. Ltd. II	-	-	1,332.34	Repayable in 72 EMI
LIC Housing Finance Ltd	7,800.00	-	-	Repayable in 108 monthly instalments after 12 months from the disbursement
Northern Arc Capital Limited	750.00	-	-	Repayable in 12 quarterly instalments
Northern Arc Capital Limited II	416.67	-	-	Repayable in 12 quarterly instalments
Northern Arc Capital Limited III	833.33	-	-	Repayable in 12 quarterly instalments
Northern Arc Capital Limited IV	416.67	-	-	Repayable in 12 quarterly instalments
Adjustments on account of effective rate of interest	(150.54)	(60.00)	(146.29)	

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

19 Subordinated Liabilities

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
At amortised cost			
Subordinated Debt	2,43,423.24	2,37,281.72	2,24,811.74
Subordinated Debt - Listed	3,556.19	3,554.50	3,552.82
Unsecured Term Loan from Financial Institutions	2,489.27	2,481.37	2,479.94
Tier-I Capital - Perpetual Debt Instruments	26,049.26	26,008.17	14,400.00
At FVTPL			
Preference Shares other than those that qualify as equity	-	26,862.10	7,696.50
Total	**2,75,517.96**	**2,96,187.86**	**2,52,941.00**
Borrowings in India	2,75,517.96	2,96,187.86	2,52,941.00
Borrowings outside India	-	-	-

(a) Subordinated Debt instruments are unsecured, subordinated to the claims of all other creditors with an initial maturity of minimum 5 years.

(b) Maturity Profile of Subordinated Debt, Subordinated Debt-Listed and Unsecured Term Loan

Particulars	Amount
FY 2019-20	39,182.11
FY 2020-21	33,171.38
FY 2021-22	64,560.18
FY 2022-23	39,245.31
FY 2023-24	47,810.99
FY 2024-25	5,978.68
FY 2025-26	9,177.93
FY 2026-27	10,362.01
Adjustments on account of effective rate of interest	(19.89)
TOTAL	**2,49,468.70**

(c) Perpetual Debt Instruments are unsecured instruments which have been issued as per RBI guidelines.

(d) The percentage of PDI to the Tier I Capital of the Group as at March 31, 2019 is 13.16% (March 31, 2018 - 13.01%, March 31, 2017 - 7.91%).

20 Other Financial Liabilities

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Expenses Payable	2,061.66	1,567.65	2,016.51
Security deposits received	819.22	1,059.21	832.50
Unpaid matured debt and interest accrued thereon	2,253.54	220.32	152.10
Impairment on Loan Commitments	7.96	5.62	1.66
Interest accrued but not due on borrowings	43,223.02	54,061.25	59,187.92
Unpaid dividend	-	0.01	0.01
Capital creditors	-	42.65	30.08
Payable to employees	1,336.14	701.71	456.83
Payables towards securitisation/assignment transactions	8,420.84	7,706.60	47,723.62
Others	2,028.49	789.75	1,445.81
Total	**60,150.87**	**66,154.77**	**1,11,847.04**

21 Provisions

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Provision for employee benefits			
- Gratuity	1,184.17	1,039.48	483.16
- Provision for compensated absences	425.60	373.21	384.60
Total	**1,609.77**	**1,412.69**	**867.76**

22 Other Non-Financial Liabilities

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Statutory dues payable	2,073.00	1,601.16	1,727.27
Advance received from Customers	87.25	93.58	-
Income received in advance	100.74	20.65	24.47
Other non financial liabilities	2.37	3.00	-
Total	**2,263.36**	**1,718.39**	**1,751.74**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

23 Equity share capital

(a) Authorised share capital :

Particulars	No. of Shares	Amount
At 1st April 2017	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2018	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2019	20,00,00,000	20,000.00

(b) Issued capital :

Particulars	No. of Shares	Amount
At 1st April 2017	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2018	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2019	19,38,00,800	19,380.08

(c) Subscribed and Fully Paid Up Capital

Particulars	No. of Shares	Amount
At 1st April 2017	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2018	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2019	19,37,05,560	19,370.56

(d) Terms/ rights attached to equity shares :

The Group has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share. All shares rank pari passu with regard to dividend and repayment of capital. In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts.

(e) Shareholder's having more than 5% equity shareholding in the Group

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
	No. of shares and % of holding		
Mr. Thomas John Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas George Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas Muthoot	5,08,43,769 - 26.25%	5,08,43,769 - 26.25%	5,08,43,769 - 26.25%
Ms. Preethi John Muthoot	1,35,25,989 - 6.98%	1,35,25,989 - 6.98%	1,35,25,989 - 6.98%
Ms. Nina George	1,35,25,961 - 6.98%	1,35,25,961 - 6.98%	1,35,25,961 - 6.98%
Ms. Remy Thomas	1,35,25,988 - 6.98%	1,35,25,988 - 6.98%	1,35,25,988 - 6.98%

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Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

24 Other Equity

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Securities Premium	38,129.85	38,129.85	38,129.85
Statutory Reserve (Pursuant to Section 45-IC of the RBI Act 1934)	41,981.44	35,855.60	31,830.05
Statutory Reserve (Pursuant to Section 29C of the NHB Act 1987)	823.48	466.48	95.48
Debenture Redemption Reserve	976.33	4,279.68	11,908.83
Retained Earnings	1,23,595.84	74,882.29	65,635.47
General Reserve	(26.06)	3.33	-
Treasury shares	(343.06)	(395.72)	-
Employee stock options outstanding	90.04	57.58	11.77
Other Comprehensive income	4,161.09	2,038.81	2,011.76
Total	**2,09,388.95**	**1,55,317.90**	**1,49,623.21**

24.01 The Income Tax Department had carried out a Search initiated u/s. 132 of the Income Tax Act at various offices of Muthoot Fincorp Limited in August, 2016, post which notices u/s. 153A of the Income Tax Act were issued on the Company. The Company had preferred an application before the Honourable Settlement Commission, Chennai bench, disposal of which is pending as at the reporting date. The tax effect of prior years, which were covered under the Settlement Application has been appropriated against Retained Earnings as the same pertains to previous periods, and not to the current year. The said appropriation is not an effect of Ind-AS convergence.

24.02 Nature and purpose of reserve

Securities Premium
Securities premium is used to record the premium on issue of shares. This can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory Reserve
Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934 and Section 29C of the National Housing Bank Act, 1987 read with Section 36(1)(viii) of the Income Tax Act, 1961 . Accordingly, an amount representing 20% of Profit for the period is transferred to the Reserve for the year.

Debenture Redemption Reserve
The Companies (Share Capital and Debentures) Rules, 2014 requires companies that issue debentures to create a Debenture Redemption Reserve from annual profits until such debentures are redeemed. The Group is required to transfer 25% of the total value of Debentures outstanding as on 31st March 2019, which were issued through public issue to the Debenture Redemption Reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from Debenture Redemption Reserve to Retained Earnings.

Employee stock options outstanding
The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Loan assets through other comprehensive income
The Company recognises changes in the fair value of loan assets held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments reserve within equity. The company transfers amounts from this reserve to the statement of profit and loss when the loan assets are sold. Any impairment loss on such loans are reclassified immediately to the statement of profit and loss.

Treasury shares
Treasury shares represents Company's own equity shares held by Employee welfare trust.

General reserve
Represents the profits or losses made by the Employee Welfare Trust on account of issue or sale of treasury stock.

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

Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

25 Interest Income

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
On Financial Assets measured at Amortised Cost		
Interest on Loans	2,54,755.39	2,23,525.09
Interest Income from Investments	220.64	764.68
Interest on Deposit with Banks	1,610.69	1,477.59
Other Interest Income	112.41	4,484.27
On Financial Assets measured at fair value through other comprehensive income		
Interest on Loans	34,911.38	22,927.81
Other Interest Income	1,615.41	1,064.56
Total	**2,93,225.92**	**2,54,244.00**

26 Net gain on fair value changes

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	(259.41)	(105.22)
(ii) On financial instruments designated at fair value through profit or loss	-	(11,165.60)
(iii) Gain on sale of loans at fair value through other comprehensive income	17,938.51	10,730.50
(B) Gain on fair valuation of equity shares	-	-
Total Net gain/(loss) on fair value changes	**17,679.10**	**(540.32)**
Fair Value changes:		
- Realised	17,938.51	10,730.50
- Unrealised	(259.41)	(11,270.82)
	17,679.10	**(540.32)**

27 Others

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Income from Money transfer	927.47	1,139.87
Income From Forex Operations	276.42	285.87
Income From Power Generation	1,076.44	1,197.95
Income from Investment	26.01	435.60
Income from Software support service	292.74	161.45
Other financial services	246.47	164.52
Other income	261.06	97.45
Total	**3,106.61**	**3,482.71**

28 Other Income

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Net gain on debt instrument designated at fair value through profit or loss	1,403.63	-
Net gain on conversion of debt instrument to equity	461.85	-
Profit on sale of financial assets carried at fair value through profit or loss	1,525.49	809.89
Non-operating income	136.35	81.42
Total	**3,527.32**	**891.31**

29 Finance Costs

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Interest on borrowings	1,16,011.26	89,569.05
Interest on debt securities	14,642.92	13,958.51
Interest on subordinate liablities	27,101.25	30,950.36
Other charges	3,654.12	2,926.71
Total	**1,61,409.55**	**1,37,404.63**

30 Impairment of Financial Instruments

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
At Amortised Cost		
Loans- at amortised cost	5,778.96	8,290.86
Impairment on loan commitments	2.34	3.96
Impairment on other receivables	(20.74)	-
At Fair Value through Other Comprehensive Income		
Loans- at FVOCI	-	-
Investments- at FVOCI	-	(276.49)
Total	**5,760.56**	**8,018.33**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

31 Employee Benefits

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Salaries and Wages	53,654.76	44,902.18
Contributions to Provident and Other Funds	3,589.35	3,679.63
Incentives	1,421.26	1,271.21
Bonus & Exgratia	1,311.37	1,279.39
Share based payments	170.12	180.35
Staff Welfare Expenses	1,449.85	969.27
Total	**61,596.71**	**52,282.03**

32 Depreciation expense

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Depreciation of Tangible Assets	7,070.68	7,138.87
Amortization of Intangible Assets	477.78	368.78
Total	**7,548.46**	**7,507.65**

33 Other Expenses

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Advertisement and publicity	4,507.43	2,703.97
AMC Charges	72.60	26.62
Auditor's fees and expenses	119.55	72.12
Bad Debts	57.56	21.73
Communication costs	3,631.92	2,968.06
Director's fees, allowances and expenses	154.78	140.42
Donations & CSR Expenses	722.84	525.64
Intangible Assets Written Off	-	10.00
Impairment on assets held for sale	37.80	(19.12)
Insurance	592.88	16.96
Legal & Professional Charges	2,622.60	2,105.80
Office Expenses	82.90	83.79
Other Expenditure	801.38	716.60
Printing and Stationery	1,212.83	834.71
Rent, taxes and energy costs	21,181.04	19,487.89
Repairs and maintainence	2,342.24	3,521.20
Security Charges	3,718.51	3,639.79
Software Licence and Subscription charges	21.31	38.49
Software Development Expenses	168.99	135.51
Travelling and Conveyance	3,911.30	2,989.15
Water Charges	12.76	13.43
Total	**45,973.22**	**40,032.76**

(a) Auditors Remuneration

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
As auditor		
Statutory Audit fees	52.46	50.03
Tax Audit fees	8.66	5.25
For other services		
Certification and other matters	53.43	12.58
For reimbursement of expenses		
Out of pocket expenses	0.41	0.17
Total	**114.96**	**68.03**

Above figures are exclusive of GST/Service Tax

(b) CSR Expenditure

As required under Section 135 of the Companies Act, 2013, the Group was required to spend Rs.471.09 in the reporting year in pursuance of its Corporate Social Responsibility Policy, being two per cent of the average net profits of the company made during the three immediately preceding financial years. The Group has during the year, spent a total of Rs.687.05 towards CSR expenditure. However, the accumulated shortfall in the amount spent over prior years in comparison with the Companies Act requirement, stands at Rs.150.42 as on 31st March, 2019. The said shortfall is expected to be utilized in the subsequent years, as was partially utilized in the current reporting period.

(c) Donations made by the Group include political contributions amounting to Rs.0.25 during the year ended 31st March 2019 (Year ended 31st March 2018 : Rs 0.10)

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

34 Earnings Per Share

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

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

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Net profit attributable to ordinary equity holders of the parent	30,942.62	12,033.35
Weighted average number of equity shares for basic earnings per share	19,37,05,560	19,37,05,560
Effect of dilution	-	-
Weighted average number of equity shares for diluted earnings per share	19,37,05,560	19,37,05,560
Earnings per share		
Earnings per share		
Basic earnings per share (Rs.)	15.97	6.21
Diluted earnings per share (Rs.)	15.97	6.21

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

35 Income Tax

The components of income tax expense for the year ended March 31st 2019 and year ended March 31st 2018 are:

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Current tax	16,318.87	9,965.32
Deferred tax relating to origination and reversal of temporary differences	(621.55)	(1,597.70)
Income tax expense reported in statement of profit and loss	**15,697.32**	**8,367.62**
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
Net gain / (loss) on equity instruments measured through other comprehensive income	23.29	124.80
Remeasurement of loan assets	(1,264.64)	(3.20)
Remeasurement of the defined benefit liabilities	(3.75)	(135.52)
Income tax charged to OCI	**(1,245.10)**	**(13.92)**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differ from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31st 2019 and year ended March 31st 2018 is as follows:

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Accounting profit before tax	52,958.48	20,357.32
At India's statutory income tax rate of 34.944% (2018: 34.608%)	**18,505.81**	**7,045.26**
Tax effects of adjustments		
Non deductible items	324.54	622.27
Exempted Income	(6.60)	(2,629.51)
Deduction under Chapter VIA of the Income Tax Act	(279.56)	(317.86)
Adjustment on account of different tax rates	(1,092.96)	3,848.42
Tax impact of previous years	(135.27)	53.71
Tax on income which are taxed on different rates	(1,700.21)	(73.15)
Others	81.57	(181.52)
Income tax expense reported in the statement of profit or loss	**15,697.32**	**8,367.62**
Effective Income Tax Rate	**29.64%**	**41.10%**

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MUTHOOT FINCORP LIMITED
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Income Tax (contd…)

Movement in deferred tax assets/(liabilities)

Particulars	As at 1st April 2017	Recognised in Statement of Profit and Loss	Recognised in Statement of other comprehensive income	As at 31st March 2018
Deductible temporary difference on account of depreciation and amortisation	605.61	508.97	-	1,114.58
Bonus disallowed due to non-payment	32.97	152.03	-	185.00
Provision for employee benefits	24.50	310.82	(140.16)	195.16
Provision for Investment Rate Fluctuation	(38.21)	95.69	-	57.48
Expected credit loss provision on financial assets	938.86	1,665.46	-	2,604.32
Financial assets measured at amortised cost	765.36	311.45	-	1,076.81
Fair Valuation of Financial Assets	58.95	(67.73)	124.79	116.01
Financial liabilities measured at amortised cost	(210.09)	10.86	-	(199.23)
Direct assignment transactions	(2,300.60)	(1,188.80)	(3.20)	(3,492.60)
Securitisation transactions	213.40	(194.10)	-	19.30
Special reserve	(33.39)	(104.05)	-	(137.44)
Other items giving rise to temporary differences	33.54	19.87	4.65	58.06
Minimum Alternate tax credit entitlement	41.39	50.19	-	91.58
Carry Forward Losses and Unabsorbed Depreciation	-	27.04	-	27.04
Round Off Adjustment	-	-	-	0.01
Subtotal	**132.29**	**1,597.70**	**(13.92)**	**1,716.08**
Mat Credit Utilisation				(41.39)
Total	**132.29**	**1,597.70**	**(13.92)**	**1,674.69**

Particulars	As ot 31st March 2018	Recognised in Statement of Profit and Loss	Recognised in Statement of other comprehensive income	Adjusted to Retained Earnings	As at 31st March 2019
Deductible temporary difference on account of depreciation and amortisation	1,114.58	690.20	-	-	1,804.78
Bonus disallowed due to non-payment	185.00	74.23	-	-	259.23
Provision for employee benefits	195.16	46.89	9.35	-	251.40
Provision for Investment Rate Fluctuation	57.48	-	-	-	57.48
Expected credit loss provision on financial assets	2,604.32	555.87	-	-	3,160.19
Financial assets measured at amortised cost	1,076.81	339.08	-	-	1,415.89
Fair Valuation of Financial Assets	116.01	73.28	23.27	-	212.56
Financial liabilities measured at amortised cost	(199.23)	(35.32)	-	-	(234.55)
Direct assignment transactions	(3,492.60)	(1,075.76)	(1,264.64)	-	(5,833.00)
Securitisation transactions	19.30	(19.30)	-	-	0.00
Special reserve	(137.44)	(72.77)	-	-	(210.21)
Other items giving rise to temporary differences	58.06	35.56	(13.08)	-	80.54
Minimum Alternate tax credit entitlement	91.58	-	-	-	91.58
Carry Forward Losses and Unabsorbed Depreciation	27.04	9.59	-	-	36.63
Reversal of Previous Years	(41.39)	-	-	(216.23)	(257.62)
Round Off Adjustment	0.01	-	-	-	0.03
Total	**1,674.69**	**621.55**	**(1,245.10)**	**(216.23)**	**834.93**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

36 Retirement Benefit Plan

Defined Contribution Plan

The Group makes contributions to Provident Fund & Employee State Insurance which are defined contribution plans for qualifying employees. The amounts recognized for the aforesaid contributions in the statement of profit and loss are shown below:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Contributions to Provident Fund	2,180.47	1,952.24
Contributions to Employee State Insurance	1,383.30	1,301.81
Defined Contribution Plan	**3,563.77**	**3,254.05**

Defined Benefit Plan

The Group has a defined benifit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the Group at 15 days salary (last drawn salary) for each completed year of service.

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Present value of funded obligations	2,289.49	1,993.30
Fair value of planned assets	1,105.32	953.82
Defined Benefit obligation/(asset)	**1,184.17**	**1,039.48**

Post employment defined benefit plan

Net benefit expense recognised in statement of profit and loss	As at 31st March, 2019	As at 31st March, 2018
Current service cost	445.24	437.86
Net Interest on net defined benefit liablity/ (asset)	77.40	82.85
Net benefit expense	**522.64**	**520.71**

Balance Sheet

Details of changes in present value of defined benefit obligations as follows:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Defined benefit obligation at the beginning of the year	1,986.38	1,213.85
Current service cost	445.24	437.86
Interest cost on benefit obligations	149.23	101.96
Actuarial (Gain) / Loss on Total Liabilities	(54.38)	457.62
Benefits paid	(236.98)	(217.99)
Benefit obligation at the end of the year	**2,289.49**	**1,993.30**

Details of changes fair value of plan assets are as follows: -

Particulars	**As at 31st March, 2019**	**As at 31st March, 2018**
Fair value of plan assets at the beginning of the year	953.84	669.41
Actual Return on Plan Assets	31.94	41.47
Employer contributions	355.37	460.28
Benefits paid	(235.83)	(217.34)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	-	-
Fair value of plan assets as at the end of the year	**1,105.32**	**953.82**

Remeasurement gain/ (loss) in other comprehensive income (OCI)	**As at 31st March, 2019**	**As at 31st March, 2018**
Actuarial gain/(loss) on obligation	(16.58)	412.55
Actuarial changes arising from changes in financial assumptions	-	-
Experience adjustments	-	-
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	-	-
Actuarial gain /(loss) (through OCI)	**(16.58)**	**412.55**

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

Particulars	**As at 31st March, 2019**	**As at 31st March, 2018**
Salary Growth Rate	3% to 10%	5% to 10%
Discount Rate	6.53% to 8%	6.63% to 8%
Withdrawal Rate	5% to 20%	5% to 20%
Mortality	100% of IALM 2006-2008	100% of IALM 2006-2008
Interest rate on net DBO	6.53% to 8%	6.63% to 8%
Expected average remaining working life	1 to 33.95	1 to 32.91

Investments quoted in active markets:

Particulars	**As at 31st March, 2019**	**As at 31st March, 2018**
Equity instruments	-	-
Debt instruments	-	-
Real estate	-	-
Derivatives	-	-
Investment Funds with Insurance Group	100.00%	100.00%
Of which, Unit Linked	-	-
Of which, Traditional/ Non-Unit Linked	100.00%	100.00%
Asset-backed securities	-	-
Structured debt	-	-
Cash and cash equivalents	-	-
Total	100.00%	100.00%

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A quantitative sensitivity analysis for significant assumptions as at March 31, 2019 and March 31, 2018 are as shown below:

Assumptions	Sensitivity Level	As at 31st March, 2019	As at 31st March, 2018
Discount Rate	Increase by 1%	2,109.79	1,624.98
Discount Rate	Decrease by 1%	2,444.25	1,937.44
Further Salary Increase	Increase by 1%	2,455.89	1,918.95
Further Salary Increase	Decrease by 1%	2,097.40	1,636.32
Employee turnover	Increase by 1%	2,317.72	2,648.42
Employee turnover	Decrease by 1%	2,201.60	896.67
Mortality Rate	Increase in expected lifetime by 1 year	1,887.68	1,949.81
Mortality Rate	Increase in expected lifetime by 3 years	1,876.50	1,938.15

1. The weighted average duration of the defined benefit obligation as at 31st March 2019 is 4 to 10 years (2018: 3 to 10 years).
2. Gratuity liability is funded through a Gratuity Fund managed by Life Insurance Corporation of India Ltd.
3. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
4. The principal assumptions used in determining leave encashment obligations for the Company’s plans are shown below:
   The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
   The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

37 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at 31st March, 2019			As at 31st March, 2018			As at 1st April, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	95,902.14	-	95,902.14	85,472.18	-	85,472.18	68,752.43	-	68,752.43
Bank Balance other than above	6,611.40	11,269.62	17,881.02	4,748.43	10,790.10	15,538.53	3,896.89	10,028.39	13,925.28
Trade receivables	3,250.54	-	3,250.54	3,468.81	-	3,468.81	2,228.24	-	2,228.24
Loans	13,37,408.33	2,19,443.14	15,56,851.47	13,19,186.47	1,31,657.97	14,50,844.44	11,67,806.84	1,09,058.97	12,76,865.81
Investments	3,417.71	3,363.95	6,781.66	1,319.97	5,765.99	7,085.96	1,410.60	14,949.20	16,359.80
Other financial assets	3,908.44	25,019.50	28,927.94	11,074.22	25,007.86	36,082.08	8,129.70	9,606.59	17,736.29
Non-financial Assets									
Current tax assets (net)	336.62	1,653.51	1,990.13	265.65	893.95	1,159.60	6,485.86	-	6,485.86
Deferred tax assets (net)	-	5,621.71	5,621.71		4,202.84	4,202.84	-	1,872.58	1,872.58
Investment Property	-	30,096.72	30,096.72	-	30,031.42	30,031.42	-	30,012.94	30,012.94
Property, plant and equipment	-	52,004.41	52,004.41	-	53,170.49	53,170.49	-	56,497.38	56,497.38
Capital work-in-progress	-	65.80	65.80	-	-	-	-	58.65	58.65
Intangible assets under development	-	2.95	2.95	-	71.75	71.75	-	629.00	629.00
Other intangible assets	-	1,813.07	1,813.07	-	1,871.96	1,871.96	-	905.70	905.70
Other non financial assets	34,468.18	1,951.48	36,419.66	33,465.96	1,907.31	35,373.27	60,880.77	2,119.60	63,000.37
Total assets	**14,85,303.35**	**3,52,305.87**	**18,37,609.22**	**14,59,001.70**	**2,65,371.63**	**17,24,373.33**	**13,19,591.34**	**2,35,738.99**	**15,55,330.33**
Liabilities									
Financial Liabilities									
Trade payables	313.26	-	313.26	199.41	-	199.41	102.33	-	102.33
Other Payables	46,899.74	-	46,899.74	1,766.12	-	1,766.12	1,500.07	-	1,500.07
Debt Securities	30,688.92	23,319.93	54,008.85	53,077.52	32,334.78	85,412.30	86,330.39	64,668.17	1,50,998.56
Borrowings (other than debt security)	9,19,391.91	2,10,074.78	11,29,466.69	9,07,916.18	1,64,779.99	10,72,696.17	7,28,599.08	1,31,178.64	8,59,777.72
Subordinated Liabilities	38,822.21	2,36,695.75	2,75,517.96	38,471.43	2,57,716.43	2,96,187.86	21,987.70	2,30,953.30	2,52,941.00
Other Financial liabilities	34,360.63	25,790.24	60,150.87	33,382.08	32,772.69	66,154.77	72,518.02	39,329.02	1,11,847.04
Non-financial Liabilities									
Current tax liabilities (net)	3,686.03	0.25	3,686.28	127.91	-	127.91	209.86	44.15	254.01
Provisions	189.45	1,420.32	1,609.77	19.98	1,392.71	1,412.69	11.97	855.79	867.76
Deferred tax liabilities (net)	-	4,786.78	4,786.78	-	2,528.15	2,528.15	-	1,740.29	1,740.29
Other non-financial liabilities	2,263.36	-	2,263.36	1,718.39	-	1,718.39	1,751.74	-	1,751.74
Total Liabilities	**10,76,615.51**	**5,02,088.05**	**15,78,703.56**	**10,36,679.02**	**4,91,524.75**	**15,28,203.77**	**9,13,011.17**	**4,68,769.35**	**13,81,780.52**
Net	**4,08,687.84**	**(1,49,782.18)**	**2,58,905.66**	**4,22,322.68**	**(2,26,153.12)**	**1,96,169.56**	**4,06,580.17**	**(2,33,030.36)**	**1,73,549.81**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

38 Contingent Liabilities (to the extent not provided for)

Particulars	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
(i) Contingent Liabilities			
Claims against the Company not acknowledged as debt			
(i) Income Tax Demands	6,065.85	6,065.85	6,065.85
(ii) Service Tax Demands	3,600.86	3,600.86	3,023.17
(iii) Value Added Tax Demands	2,294.21	1,432.69	1,432.69
(iv) Bank Guarantees	204.50	208.57	276.30
(v) Cash Margin on Securitisation	3,891.32	-	-
(v) Credit enhancements (cash collateral and principal subordination)	-	2,679.90	6,303.20

(vi) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

(vii) Other commitments

Loan commitment in respect of partly disbursed loans is Rs 4,718.92 (31st March 2018 : Rs 3,693.66, 1st April 2017 : Rs 1,322.25)

39 Lease

Operating lease: as lessor

Future minimum lease payments under non-cancellable operating lease are as under:

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	482.68	486.85
Later than 1 year but later not later than 5 year	1,200.92	1,489.60
later than 5 year	658.00	851.99
Total	**2,341.60**	**2,828.44**

Operating lease: as lessee

Future minimum lease payments under non-cancellable operating lease are as under:

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	16,372.97	15,977.03
Later than 1 year but later not later than 5 year	39,556.01	51,305.80
later than 5 year	24,778.78	26,798.08
Total	**80,707.76**	**94,080.91**

Finance Lease : as lessee

Obligation under finance lease is secured by underlying asset leased. The legal title of these assets vests with the lessors. These obligations are repayable in monthly installments upto the year ending 31st March 2022. The interest rates for these obligations is approximately 12%. Details of finance lease payable is as follows:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Minimum lease payments	Present Value of minimum lease payment	Minimum lease payments	Present Value of minimum lease payment
Not later than 1 year	1,210.60	1,178.13	-	-
Later than 1 year but later not later than 5 year	436.14	367.99	-	-
later than 5 year	-	-	-	-
Total	**1,646.74**	**1,546.12**	**-**	**-**

40 Related Party Disclosures

Names of Related parties with whom transaction has taken place

(A) Subsidiaries
Muthoot Microfin Limited
Muthoot Housing Finance Company Limited
Muthoot Pappachan Technologies Private Limited

(B) Key Management Personnel	Designation
Thomas John Muthoot	Managing Director
Thomas George Muthoot	Director
Thomas Muthoot	Wholetime Director Cum Chief Financial Officer
Preethi John Muthoot	Additional Director
Kurian Peter Arattukulam	Director
Ramakrishna Pillai Kamalasanan Nair	Director
Vikraman Ampalakkat	Director
Thuruthiyil Devassia Mathai	Company Secretary

(C) Enterprises owned or significantly influenced by key management personnel or their relatives
MPG Hotels and Infrastructure Ventures Private Limited
Muthoot Automotive (India) Private Limited
Muthoot Automobile Solutions Private Limited
Muthoot Capital Services Limited
Muthoot Hotels Private Limited
Muthoot Infrastructure Private Limited
Muthoot Motors Private Limited
Muthoot Pappachan Medicare Private Limited
Muthoot Risk Insurance and Broking Services Private Limited
Muthoot Pappachan Chits (India) Private Limited
Muthoot Exim Private Limited
Muthoot Kuries Private Limited
MPG Security Group Private Limited
Muthoot Pappachan Centre Of Excellence In Sports
Muthoot Bankers
Muthoot Estate Investments
Muthoot Motors (Cochin)
Muthoot Pappachan Foundation

(D) Relatives of Key Management Personnel
Janamma Thomas
Nina George
Thomas M John
Suzannah Muthoot

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Related Party transactions during the year:

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Revenue						
Auction of Gold Ornaments	-	-	-	-	858	-
Commission Received	-	-	-	-	1,279.41	1,334.99
Employee Secondment Fee received	-	-	-	-	11.43	-
Processing Fee received	15.00	-	-	-	0.38	-
Rent received	-	-	-	-	260.81	256.11
Revenue from Travel Services	-	-	-	-	73.31	65.28
Sale of Used Assets	-	-	-	-	-	-
Interest accrued on loans & advances	2,388.00	17.00	-	-	33.39	29.52
Professional Charges-IT support	-	-	-	-	292.74	161.45
Expense						
Commission Paid	132.00	132.00	-	-	4.02	2.92
Interest paid	654.09	110.41	-	-	302.50	378.00
Hotel Service payments	-	-	-	-	55.56	39.14
Professional & Consultancy Charges	-	-	-	-	1,925.97	1,905.71
Purchase of Gold Coins	-	-	-	-	5.30	-
Reimbursement of Expenses	(0.50)	-	-	-	(34.61)	(78.19)
Rent paid	162.19	154.71	-	-	14.72	20.19
Purchase of Used Assets	-	-	-	-	57.42	-
Remuneration Paid	1,744.85	1,641.70	12.82	2.48	-	-
Sitting Fee paid	8.75	7.75	1.25	-	-	-
CSR Expenditure	-	-	-	-	124.00	47.90
Asset						
Advance for CSR Activities	-	-	-	-	555.90	466.67
ICD advanced	-	-	-	-	5,000.00	-
ICD repaid	-	-	-	-	(5,000.00)	-
Investment made in Equity	-	-	-	-	-	-
Loans Advanced	-	19,900.00	-	-	100.00	200.00
Loan repayments received	-	-	-	-	(121.99)	(213.11)
Refund received against advance for property	-	-	-	-	(2,113.75)	-
Security Deposit Advanced	-	3.60	-	-	-	-

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Related Party transactions during the year:

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Liability						
Advance received towards Owners share	-	-	-	-	198.70	53.11
ICD accepted	-	-	-	-	23,000.00	-
ICD repaid	-	-	-	-	(23,000.00)	-
Investment in Debt Instruments	-	-	1.70	-	-	-
Security Deposit Accepted	-	-	-	-	-	-
Security Deposit Repaid	-	-	-	-	0.60	-
Loan Availed	500.00	-	-	-	1,000.00	500.00
Loan Repaid	(500.00)	-	-	-	(1,000.00)	(500.00)

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Asset						
Advance for CSR Activities	-	-	-	-	8.91	4.65
Advance for Property/Shares	1,588.53	1,722.40	133.87	-	46,877.77	48,991.52
Advance received towards Owners share	-	-	-	-	46.43	-
Commission Receivable	-	-	-	-	323.34	226.27
Expense Reimbursements Receivable	-	-	-	-	18.08	11.31
Interest on Loan Receivable	19.63	17.00	-	-	0.50	0.67
Loans Advanced	19,900.00	19,900.00	-	-	64.90	86.89
Other Receivable	-	-	-	-	0.59	0.60
Rent Receivable	-	-	-	-	46.31	26.57
Travel Service Receivables	-	-	-	-	16.71	37.86
Security Deposit advanced	3.60	3.60	-	-	-	-
Debtors	-	-	-	-	9.17	9.50

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Liability						
Collection balance payable	-	-	-	-	34.18	258.63
Commission Payable	15.88	41.20	-	-	-	-
Interest Payable	131.51	88.30	1.23	0.50	0.84	1.69
Rent Payable	-	0.80	-	-	-	-
Remuneration Payable	27.47	128.74	-	-	-	-
Investment in Debt Instruments	-	-	4.25	1.33	1.70	1.20
PDI issued	4,800.00	4,800.00	-	-	-	-
Professional & Consultancy Charges payable	-	-	-	-	85.26	-
Security Deposit received	-	-	-	-	45.03	45.63
Loan outstanding	400.09	400.09	-	-	-	-
Expense Payable	-	-	-	-	0.74	-

Note

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Short–term employee benefits	1,753.60	1,649.45
Post-employment benefits	-	-
Total compensation paid to key managerial personnel	**1,753.60**	**1,649.45**

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

41 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31st March 2019:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in JM Financial India Fund II	84.60	-	-	84.60

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Pappachan Chits Private Limited	-	4.38	-	4.38
Investment in Avenues India Private Limited	-	399.85	-	399.85
Investment in Fair Asset Technologies (P) Limited	-	457.93	-	457.93
Investment in Algiz Consultancy Services Private Limited	-	0.01	-	0.01
Investment in Equity Shares (DP account with Motilal Oswal)	1,222.36	-	-	1,222.36
Investment in PMS - Motilal Oswal	507.18	-	-	507.18
Loans	-	-	2,00,550.99	2,00,550.99

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31st March 2018:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Edelweiss Asset Reconstruction Company	-	316.51	-	316.51
Preference Shares other than those that qualify as Equity	-	-	26,862.10	26,862.10

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Pappachan Chits Private Limited	-	4.02	-	4.02
Investment in Avenues India Private Limited	-	403.73	-	403.73
Investment in Fair Asset Technologies (P) Limited	-	455.03	-	455.03
Investment in Equity Shares (DP account with Motilal Oswal)	1,314.99	-	-	1,314.99
Investment in PMS - Motilal Oswal	481.34	-	-	481.34
Loans	-	-	1,16,854.64	1,16,854.64

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 1st April 2017:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Edelweiss Asset Reconstruction Company	-	421.74	-	421.74
Preference Shares other than those that qualify as Equity	-	-	7,696.50	7,696.50

Fair Value Measurement (contd...)

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Pappachan Chits Private Limited	-	22.47	-	22.47
Investment in Equity Shares (DP account with Motilal Oswal)	1,410.60	-	-	1,410.60
Loans	-	-	86,266.04	86,266.04

Fair value technique
Investment at fair value through profit and loss
For investment at fair value through profit and loss, valuation are done using quoted prices from active markets or on published Net Asset Values of the investment at the measurement date.

Loan assets carried at fair value through other comprehensive income
Loan receivables valuation is carried out for two portfolios segregated on the basis of repayment frequency – monthly and weekly. The valuation of each portfolio is done by discounting the aggregate future cash flows with risk-adjusted discounting rate for the remaining portfolio tenor.
Following inputs have been used to calculate the fair value of loans receivables:
(i) Future cash flows: Include principal receivable, interest receivable and tenor information based on the repayment schedule agreed with the borrowers. Inputs include:
(ii) Risk-adjusted discount rate:
This rate has been arrived using the cost of funds approach.

The following inputs have been used:
(i) Cost of funds
(ii) Credit spread of borrowers
(iii) Servicing Cost of a financial asset
(iv) Discount rate

Preference Shares other than those that qualify as equity carried at fair value through profit and loss
Fair valuation of Preference Shares other than those that qualify as equity ("preference shares") is arrived using the following methodology:
- Estimation of the equity value of the Company using one of the accepted valuation approaches - Guideline Public Company ("GPC") Multiples method, particularly the Market Value of Equity to Revenue ("MVE/Revenue") and Market Value of Equity to Net Income ("MVE/Net Income") multiples.
- Allocation of the equity value to the different classes of shares using accepted allocation methods, Option Pricing Method , to capture the fair value of preference shares.
- Discounting the estimated value of preference shares to present value and taking the average over 100,000 iterations to conclude on the fair value of preference shares.

The following inputs have been used:
(i) Risk free rate
(ii) Guideline Public Company Multiples
- Equity/Revenue
- MVE/ Net Income
(iii) Volatility

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Fair Value Measurement (contd…)

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying Value			Fair Value		
		As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial assets							
Cash and cash equivalents	1	95,902.15	85,472.18	68,752.43	95,902.15	85,472.18	68,752.43
Bank Balance other than above	1	17,881.02	15,538.53	13,925.28	17,881.02	15,538.53	13,925.28
Trade receivables	3	3,250.54	3,468.81	2,228.24	3,250.54	3,468.81	2,228.24
Loans	3	15,56,851.47	14,50,844.44	12,76,865.81	15,56,851.47	14,50,844.44	12,76,865.81
Investments - at amortised cost	3	6,781.66	7,085.96	16,359.80	6,781.66	7,085.96	16,359.80
Other Financial assets	3	28,927.94	36,082.08	17,736.29	28,927.94	36,082.08	17,736.29
Financial assets		**17,09,594.77**	**15,98,492.00**	**13,95,867.85**	**17,09,594.77**	**15,98,492.00**	**13,95,867.85**
Financial Liabilities							
Payable	3	47,213.00	1,965.53	1,602.40	47,213.00	1,965.53	1,602.40
Debt securities	3	54,008.85	85,412.30	1,50,998.56	54,008.85	85,412.30	1,50,998.56
Borrowings (other than debt securities)	3	11,29,466.69	10,72,696.17	8,59,777.72	11,29,466.69	10,72,696.17	8,59,777.72
Subordinated liabilities	3	2,75,517.96	2,96,187.86	2,52,941.00	2,75,517.96	2,96,187.86	2,52,941.00
Other financial liabilities	3	60,150.87	66,154.77	1,11,847.04	60,150.87	66,154.77	1,11,847.04
Financial Liabilities		**15,66,357.37**	**15,22,416.63**	**13,77,166.72**	**15,66,357.37**	**15,22,416.63**	**13,77,166.72**

Valuation techniques

Equity instruments

The equity instruments which are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1. Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions are generally Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured as per fair valuation report and valued on a case-by-case has been classified as Level 2.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, hence Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.

Fair values of portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics ie, type of loan. The Company then calculates and extrapolates the fair value to the entire portfolio using Effective interest rate model that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Financial liability at amortised cost

The fair values of financial liability held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

42 Segment Reporting

The Board of Directors and the Managing Director of the company together constitute the Chief Operating Decision Maker ("CODM"). Operating segment are components of the Group whose operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating Segments".

43 Change in liabilities arising from financing activities

Particulars	As at 31st March 2018	Cash Flows	Changes in fair value (gain)/loss	Others	As at 31st March 2019
Debt Securities	85,412.30	(31,403.45)	-	-	54,008.85
Borrowings other than debt securities	10,72,696.17	56,748.70	-	21.82	11,29,466.69
Subordinated Liabilities	2,96,187.86	(19,266.27)	(1,403.63)		2,75,517.96
Total liabilities from financing activities	**14,54,296.33**	**6,078.98**	**(1,403.63)**	**21.82**	**14,58,993.50**

Particulars	As at 1st April 2017	Cash Flows	Changes in fair value	Others	As at 31st March 2018
Debt Securities	1,50,998.56	(65,586.26)	-	-	85,412.30
Borrowings (other than debt securities)	8,59,777.72	2,12,576.21	-	342.24	10,72,696.17
Subordinated Liabilities	2,52,941.00	43,246.86	-	-	2,96,187.86
Total liabilities from financing activities	**12,63,717.28**	**1,90,236.81**	**-**	**342.24**	**14,54,296.33**

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44 Risk Management

The Group's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include loans, investments, cash and cash equivalents, trade receivables and other receivables that derive directly from its operations.
As a financial lending institution, Group is exposed to various risks that are related to lending business and operating environment. The principal objective in Group 's risk management processes is to measure and monitor the various risks that Group is subject to and to follow policies and procedures to address such risks.

The Groups Risk Management Committee (RMC) comprise of the Board of directors constituted in accordance with the RBI rules. The RMC has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets at least twice in a year to review the risk management practices and working of the risk management department. The committee is chaired by the Chairman of the Audit Committee. Risk Management Department periodically places its report to the committee for review. The committee's suggestions for improving the risk management practices are implemented by the Risk Management Department.

The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically adressed through mitigating actions on a continuing basis.

The major type of risk Group faces in business are credit risk, liquidity risk, market risk and operational risk.

I) Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's major income generating activity is gold loan, housing loan, microfinance loan personal loans and others.

The Group addressess credit risk through following major processess:

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques
- Structured and standardised credit approval process
- Verification of credit history from credit bureau agencies, personal verification of customers business and residence
- Technical and Legal Verification
- Comprehensive credit risk assessment and cash flow analysis

In order to mitigate the impact of credit risk in the future profitability, the Company makes reserves basis the expected credit loss (ECL model) for the outstanding loans.

A) Impairment Assessment

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and care

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.
As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Group's internal credit rating grades and staging criteria for for loans are as follows:

Rating	**Loans Days past due (DPD)**	**Stages**
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	31-60 DPD	Stage II
Past due but not impaired	61-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Risk Management (contd…)

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the Group.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. PD is calculated using Incremental 90 day DPD approach considering fresh slippage using historical information.

Based on its review of macro-economic developments and economic outlook, the Group has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at 31st March 2019, 31st March 2018 and 1st April 2017.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group expects to receive.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.
When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant Increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade. One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

II) Liquidity risk

Asset Liability Management (ALM)

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions, capital & retail markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The table below shows the maturity pattern of the assets and liabilities:

Maturity pattern of assets and liabilities as on 31st March 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	34,798.96	60,324.27	778.90	-	-	-	-	-	**95,902.14**
Bank Balance other than (a) above	22.91	-	100.00	2,635.01	3,853.47	11,269.62	-	-	**17,881.02**
Receivables	3,013.28	123.05	45.93	4.30	63.98	-	-	-	**3,250.54**
Loans	1,76,002.75	64,268.06	76,361.16	2,93,442.12	7,27,334.25	1,56,741.92	19,009.85	43,691.37	**15,56,851.47**
Investments	2,709.38	-	283.33	195.83	229.16	807.18	1,610.00	946.77	**6,781.66**
Other Financial assets	3,167.90	18.28	25.70	69.96	626.59	23,127.08	1,392.14	500.28	**28,927.94**
Total	**2,19,715.18**	**1,24,733.67**	**77,595.02**	**2,96,347.22**	**7,32,107.46**	**1,91,945.80**	**22,011.99**	**45,138.42**	**17,09,594.77**
Payables	161.91	151.35	-	-	-	-	-	-	**313.26**
Other Payables	46,350.52	-	-	549.22	-	-	-	-	**46,899.74**
Debt Securities	1,553.28	20,086.60	1,072.32	368.16	7,608.56	15,256.92	8,063.01	-	**54,008.85**
Borrowings (other than Debt Securities)	52,834.39	18,797.63	47,593.92	2,32,204.86	5,67,961.11	1,46,655.16	33,548.30	29,871.33	**11,29,466.69**
Subordinated Liabilities	3,407.85	3,006.86	4,536.73	23,264.30	4,606.47	97,731.56	84,556.30	54,407.89	**2,75,517.96**
Other Financial liabilities	5,333.44	16,531.28	1,890.21	9,524.22	1,081.50	16,808.92	6,788.58	2,192.72	**60,150.87**
Total	**1,09,641.38**	**58,573.72**	**55,093.18**	**2,65,910.75**	**5,81,257.63**	**2,76,452.56**	**1,32,956.19**	**86,471.94**	**15,66,357.37**

Muthoot Fincorp Limited
Notes to the Consolidated Financial Statements for the year ended 31st March 2019
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Risk Management (contd…)

Maturity pattern of assets and liabilities as on 31st March 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	32,917.77	52,043.34	511.07	-	-	-	-	-	85,472.18
Bank Balance other than (a) above	21.66	82.73	164.00	1,148.72	3,331.31	10,790.10	-	-	15,538.53
Receivables	3,339.98	10.13	115.45	0.31	2.93	-	-	-	3,468.81
Loans	1,43,993.04	67,225.37	99,222.65	4,10,471.10	5,98,274.29	85,202.24	9,489.80	36,965.96	14,50,844.44
Investments	1,314.99	-	-	-	4.99	4,903.20	-	862.79	7,085.96
Other Financial assets	10,540.05	14.73	25.15	43.70	450.59	21,460.52	2,929.95	617.40	36,082.08
Total	**1,92,127.49**	**1,19,376.32**	**1,00,038.32**	**4,11,663.84**	**6,02,064.10**	**1,22,356.06**	**12,419.74**	**38,446.14**	**15,98,492.00**
Payables	199.41	-	-	-	-	-	-	-	199.41
Other Payables	1,249.00	-	-	517.12	-	-	-	-	1,766.12
Debt Securities	8,065.33	3,464.86	3,826.51	14,383.20	23,337.62	9,955.06	14,919.30	7,460.42	85,412.30
Borrowings (other than Debt Securities)	13,819.28	6,883.35	86,298.67	2,24,789.58	5,76,125.32	1,29,205.52	15,477.20	20,097.26	10,72,696.17
Subordinated Liabilities	3,401.38	2,362.22	3,800.00	10,966.82	17,941.01	71,434.14	91,337.94	94,944.35	2,96,187.86
Other Financial liabilities	2,511.50	12,080.16	2,426.24	7,616.67	8,747.51	20,995.79	9,074.04	2,702.86	66,154.77
Total	**29,245.89**	**24,790.59**	**96,351.42**	**2,58,273.39**	**6,26,151.46**	**2,31,590.51**	**1,30,808.48**	**1,25,204.90**	**15,22,416.63**

Maturity pattern of assets and liabilities as on 1st April 2017:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	39,715.50	28,570.99	465.94	-	-	-	-	-	68,752.43
Bank Balance other than (a) above	40.32	60.57	38.40	1,094.70	2,662.89	10,028.40	-	-	13,925.28
Receivables	2,090.73	14.72	122.30	0.27	0.23	-	-	-	2,228.24
Loans	2,02,457.68	94,681.32	94,567.88	3,04,922.97	4,71,176.99	70,134.65	15,659.78	23,264.53	12,76,865.81
Investments	1,410.60	-	-	-	-	14,626.73	-	322.47	16,359.80
Other Financial assets	7,795.79	26.10	21.96	57.88	227.97	5,734.75	2,715.83	1,156.02	17,736.29
Total	**2,53,510.62**	**1,23,353.69**	**95,216.47**	**3,06,075.81**	**4,74,068.08**	**1,00,524.53**	**18,375.61**	**24,743.03**	**13,95,867.85**
Payables	102.33	-	-	-	-	-	-	-	102.33
Other Payables	1,201.05	299.02	-	-	-	-	-	-	1,500.07
Debt Securities	10,921.10	3,019.78	4,188.98	25,177.66	43,022.87	50,564.98	14,103.19	-	1,50,998.56
Borrowings (other than Debt Securities)	1,57,148.80	1,14,183.96	68,510.36	73,879.17	3,14,876.77	1,08,408.53	11,021.69	11,748.44	8,59,777.72
Subordinated Liabilities	-	-	-	-	21,987.70	74,898.19	88,223.58	67,831.53	2,52,941.00
Other Financial liabilities	2,585.90	50,385.92	579.94	3,838.83	15,127.46	26,403.57	9,821.13	3,104.29	1,11,847.04
Total	**1,71,959.17**	**1,67,888.68**	**73,279.29**	**1,02,895.66**	**3,95,014.80**	**2,60,275.27**	**1,23,169.58**	**82,684.27**	**13,77,166.72**

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Risk Management (contd…)

III) Market risk
Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from
Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings, debt securities and subordinate laibilities are as follows:

Particulars	31st March 2019	31st March 2018
On Borrowings		
1% increase	(16,658.15)	(9,662.37)
1% decrease	16,658.15	9,662.37

Particulars	31st March 2019	31st March 2018
On Debt Securities		
1% increase	(967.15)	(1,182.05)
1% decrease	967.15	1,182.05

Particulars	31st March 2019	31st March 2018
On Subordinate Liabilities		
1% increase	(4,236.12)	(2,745.64)
1% decrease	4,236.12	2,745.64

Price risk
Equity price risk is the risk that the fair value of equities decreases as the result of changes in level of equity indices and individual stocks. The trading and non-trading equity price risk exposure arises from equity securities classified at FVTPl and FVOCI respectively".

A 10% increase/(decrease) in the equity price (traded and non-traded) would have the impact as follows:

Particulars	Increase/ (Decrease) in percentage	Sensitivity of profit or loss	Sensitivity of Other Comprehensive Income
As at March 31, 2019	10/(10)	8.46 / (8.46)	259.07 / (259.07)
As at March 31, 2018	10/(10)	31.65 / (31.65)	265.78 / (265.78)

Risk Management (contd…)

Prepayment risk
Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected.

Operational and business risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

45 First-time Adoption of Ind AS

These financial statements, for the year ended 31st March 2019, are the first financial statements the Group has been prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2018, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and guidelines isssued by RBI (Indian GAAP or previous GAAP)

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for year ending on 31st March 2019, together with the comparative period data as at and for the year ended 31st March 2018, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at 1st April 2017, the Group's date of transition to Ind AS. These financial results may require further adjustments, if any, necessitated by the guidelines/clarifications/directions issued in the future by RBI, Ministry of Corporate Affairs, or other regulators, which will be implementated as and when the same are issued and made applicable.This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2017 and the financial statements as at and for the year ended 31st March 2018.

Exemptions applied:
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A) Optional Exemptions

Business Combination
Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.
The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combination occurring prior to transition date have not been restated.

Deemed Cost
Ind AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under Ind AS 38 and Investment Property covered under Ind AS 40.
Accordingly, the Group has elected to measure all its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Share based payments
Ind AS 102, share based payments requires an entity to recognise the equity settled share based payment plans based on fair value of stock options granted to employees instead of intrinsic value. Ind AS 101, permits a first time adopter to ignore such requirement for the options already vested as on transition date i.e. 1st April 2017. Muthoot Microfin Limited has share based payment plan and has elected to apply this exemption for such vested options.

Designation of previously recognised financial instruments
Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at FVOCI based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition).
The Group has opted to avail this exemption to designate equity investments (other than investment in subsidiary) as FVOCI on the date of transition at an instrument level.

B) Mandatory exceptions

Estimates:
The estimates at 1st April 2017 and at 31st March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
Impairment of financial assets based on expected credit loss model
FVOCI on debt instrument
Investment in equity instruments carried at FVOCI and FVTPL
The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1st April 2017, the date of transition to Ind AS and as of 31st March 2018.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

First-time Adoption of Ind AS (contd…)

B) Mandatory exceptions (contd…)

De-recognition of financial assets and liabilities:

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occuring on or after the date of transition to Ind AS. However Ind AS 101, allows a first time adopter to apply the de- recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.In respect of Muthoot Fincorp Limited and Muthoot HFCL, the Group has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. In respect of Muthoot Microfin Limited, the group has elected to apply the de-recognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

Classification and Measurement of financial assets

Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.
The Group has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.

Non Controlling Interest

Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owner of the parent and to the non-controlling interests. This requirements needs to be followed even if this results in the non controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition.

Reconciliation of total equity	**Notes**	**As at 31st March 2018**	**As at 1st April 2017**
Total equity as per previous GAAP		2,31,018.73	1,80,336.92
Impact on application of expected credit loss method for loan loss provisions and related adjustments as per Ind AS 109	4	(7,749.96)	(4,655.35)
Amortization of net income under of effective interest rate method for financial assets	1	2,892.21	635.26
Amortization of net income under of effective interest rate method for financial liabilities	1	1,614.42	1,638.98
Net gain on fair valuation of Investments	3	171.26	-
Direct assignment of loans	2	3,911.10	3,729.30
Fair valuation impact of preference shares classified at FVTPL	7	(18,862.10)	(7,696.50)
Others		81.69	82.12
Tax impact of previous years	6	(7,917.26)	-
ESOP Trust	8	(392.50)	-
Preference shares classified as liability	7	(8,000.00)	-
Fair valuation of loans classified at FVOCI	2	9.15	-
Fair valuation of investments classified at FVOCI	3	(368.81)	(8.23)
Tax adjustments on above	6	(238.37)	(512.69)
Total equity as per Ind AS		**1,96,169.56**	**1,73,549.81**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

First-time Adoption of Ind AS (continued…)

Reconcilition of Total Comprehensive Income	Notes	For the year ended 31st March 2018
Profit for the year as per Previous GAAP		**23,816.82**
Impact on application of expected credit loss method for loan loss provisions and related adjustments as per Ind AS 109	4	(3,094.88)
Amortization of net income under of effective interest rate method for financial assets	1	2,256.95
Amortization of net income under of effective interest rate method for financial liabilities	1	(24.56)
Net gain on fair valuation of Investments	3	171.26
Direct assignment of loans	2	181.80
Reclassification of actuarial gain/loss	5	(389.87)
Fair valuation impact of preference shares classified at FVTPL	7	(11,169.86)
Others		(0.43)
ESOP Trust	8	(45.80)
Tax adjustments on above	6	288.27
Net Profit after tax as per Ind AS		**11,989.70**
Fair valuation of loans classified at FVOCI	2	9.15
Fair valuation of investments classified at FVOCI	3	(360.58)
Reclassification of actuarial gain/loss	5	389.87
Tax adjustments on above	6	(13.92)
Other Comprehensive loss for the year as per Ind AS		**24.52**
Total Comprehensive loss as per Ind AS		**12,014.22**

1 **Effective interest rate impact**

a.Under Indian GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in / reduced from the initial recognition amount of loans given to customer and recognised as interest income using the effective interest method over the tenure of the loan.

b. Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowings.

c. Under previous GAAP, security deposits were initially recognized at transaction price. Subsequently, finance income was recognized based on contractual terms, if any. Under Ind AS, such security deposits are initially recognized at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value is recognised in statement of profit and loss unless it quantifies for recognition as some other type of asset.

2 **Loans carried at fair value through other comprehensive income**

Under Ind AS 109 financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As a result of assessment of business model in accordance with Ind AS 109, certain loans earlier classified at amortised cost under previous GAAP are now measured at fair value through other comprehensive income. The impact of reclassification and subsequent remeasurement is recognised in other comprehensive income until the assets are sold.

First-time Adoption of Ind AS (contd…)

3 Investments

a. Under the Indian GAAP, current investments were carried at lower of cost and fair value, by way of providing for Investment Price Fluctuation. Under Ind AS, these investments are measured at fair value through profit or loss or fair value through Other Comprehensive Income. The resulting fair value changes of these investments (and reversal of Provision for investment Price Fluctuation) has to be recognised in retained earnings / other comprehensive income respectively as at the date of transition and for the year ended 31st March 2018.

b. Under Indian GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated the investments in unquoted equity shares as FVOCI investments and investment in asset reconstruction fund as an FVTPL instrument. Ind AS requires FVOCI & FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes and the FVTPL investment has been recognized through the Statement of Profit & Loss.

4 Loans to Customer

Under Indian GAAP, Non Performing Assets and provisioning were computed based on the RBI guidelines/National Housing Bank as applicable to the type of the Company. Under Ind AS, loan assets are classified based on staging criteria prescribed under IND AS 109 - Financial instruments and impairment is computed based on Expected Credit Loss model. Under Indian GAAP provision for Non Performing Asset and standard asset were presented under provisions. However, under Ind AS, financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. MHFCL also created additional provision to meet unforeseen contingencies.

5 Defined benefit obligations

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

6 Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period.
Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Under Ind AS, MAT credit receivables is recorded as deferred tax assets and hence the Group has reclassified the same under deferred tax assets. Further, deferred taxes have been recognised on the adjustments made on transition to Ind AS.

7 Preference Shares other than those that qualify as Equity

Under previous GAAP, preference share capital was a part of share capital. Under Ind AS, the instrument is evaluated to determine whether it is a liability, equity or contains both a liability and equity component. If there is a contractual obligation to deliver cash then, such instrument is recognised as a financial liability under Ind AS.

Further preference share has been designated at fair value through profit or loss and the fair valuation impact has been taken in Statement of profit and loss.

8 Consolidation of Trust

Under Ind AS as per the control assessment criteria specified in Ind AS 110, if the entity fulfills the criteria, it needs to be consolidated. Muthoot Microfin Limited has estanlished ESOP trust. The trust has been consolidated in the books of MML. There was no such requirement under previous GAAP.

9 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

46 Standard issued but not yet effective

Ind AS 116 Leases: On 30th March 2019, Ministry of Corporate Affairs has notified Ind AS 116,Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases ,and related Interpretations. The effective date for adoption of of Ind AS 116 is annual periods beginning on or after 1st April 2019. The Standard sets out the principles for recognition, measurement presentation and disclosure of leases for both parties to a contract i.e, the lessee and the lessor. Ind AS 116 requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Company is in the process of evaluating the impact on application of Ind AS 116 with respect to lease arrangements entered into on its financial statements

Ind AS 12 Appendix C: Uncertainty over Income tax Treatments: On 30th March 2019,Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit,(or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the profitability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for the adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1st April 2019.The Company is in the process of evaluating the impact on application of this standard on its financial statements

Amendment to Ind AS 12- Income Taxes: On 30th March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 , 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1st April 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements

Amendment to Ind AS 19- plan amendment, curtailment or settlement- On 30th March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1st April 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements

47 Disclosures under the Listing Agreement for Debt Securities

(i) Debenture Trustees:

Trustees for Public Issue
SBICAP Trustee Company Limited
202, Maker Tower, 'E',
Cuffe Parade, Colaba,
Mumbai, Maharashtra – 400005
Tel : 022-4302 5555
Fax : 022-4302 5500
Email : helpdesk@sbicaptrustee.com

Trustees for Perpetual Debt Instrument
Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)
The IL&FS Financial Centre,
Plot C- 22, G Block,
Bandra Kurla Complex,
Bandra(E), Mumbai 400051
Tel + 91 22 2659 3651
Fax + 91 22 2653 3297
Email: itclcomplianceofficer@ilfsindia.com

Trustees for Listed Private Placement
Catalyst Trusteeship Limited
Office No. 83 – 87, 8th floor, 'Mittal TOWER 'B' Wing, Nariman Point, Mumbai – 400021
Office: 022-49220539,
Fax: 022-49220505
Email: dt@ctltrustee.com

(ii)Security:
Privately Placed Secured Debentures are secured either by subservient charge on all current assets of the Company, both present and future or by a first paripassu charge on all the present and future receivables of the Company and exclusive mortgage on the Immovable Property of the Company located at Erukkanthurai Village, Rathapuram Taluk, Trinelveli District, Tamil Nadu having Survey No 1253(part) extent 2acres. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company admeasuring 54 cents situated at Survey No. 764/6A in Arulvaimozhy Village, Kaniyakumari District.

Disclosures under the Listing Agreement for Debt Securities (contd…)

(iii)Others:

Particulars	At 31st March, 2019	At 31st March, 2018	At 1st April, 2017
Loans & advances in the nature of loans to subsidiaries	1,365.00	1,365.00	3,762.00
Loans & advances in the nature of loans to associates	Nil	Nil	Nil
Loans & advances in the nature of loans where there is-			
(i) no repayment schedule or repayment beyond seven years	Nil	Nil	Nil
(ii) no interest or interest below section 186 of the Companies Act	Nil	Nil	Nil
Loans & advances in the nature of loans to other firms/companies in which directors are interested	64.90	86.89	100.00

48 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

49 Business combinations and acquisition of non-controlling interests

Muthoot Housing Finance Company Limited
During the year, the company subscribed to 5,813,600 equity shares in Muthoot Housing Finance Company Limited for a consideration of Rs.2,499.85 lakhs. As at 31st March 2019, the total share holding in Muthoot Housing Finance Company Limited is 53,534,840 equity shares (31st March 2018: 47,721,240 equity shares) representing 80.58% (31st March 2018: 78.72%) of their total equity share capital.

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(Amount in Rs. Lakhs, except share data and unless otherwise stated)

50 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at 31st March 2019		Share in profit or loss for the year ended 31st March 2019		Share in other comprehensive income for the year ended 31st March 2019	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss	Amount	As a % of consolidated other comprehensive income	Amount
Parent						
Muthoot Fincorp Limited	48.99%	1,00,736.96	42.38%	15,790.16	(1.78%)	(54.11)
Subsidiaries						
Indian						
1. Muthoot Microfin Limited	29.93%	61,535.36	39.74%	14,807.18	71.66%	2,182.40
2. Muthoot Housing Finance Company Limited	6.60%	13,575.90	3.84%	1,432.30	0.02%	0.71
3. Muthoot Pappachan Technologies Limited	(0.18%)	(364.85)	(2.92%)	(1,087.03)	(0.22%)	(6.70)
Non-controlling interests in all subsidiaries						
Indian subsidiaries	14.66%	30,146.15	16.96%	6,318.55	30.32%	923.36
Total		**2,05,629.52**		**37,261.16**		**3,045.65**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MUTHOOT FINCORP LIMITED**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **Muthoot Fincorp Ltd., Muthoot Centre, Punnen Road, Trivandrum - 695034** (herein after referred to as "the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, including the notes to the Ind AS Financial Statements, a summary of significant accounting policies and other explanatory information ("Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit including other comprehensive income, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS Financial Statements.
These matters were addressed in the context of our audit, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
a) Computation of provision towards impairment of loan assets (Refer Note 8 of the accompanying financial statements) As at 31 March 2019, the Company had reported total Impairment loss allowance of Rs.20,369.35 lakhs (31 March 2018 – Rs.17,730.46 lakhs). A significant degree of judgement is required to determine the timing and amount of Impairment loss allowance to be recognized with respect to loans assets. Based on our risk assessment, the following are the significant judgements and estimates, that impact Impairment loss allowance: - Completeness and timing of recognition of default, in accordance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Loan assets; - Measurement of provision is dependent on the probability of default (PD) and loss given default (LGD) of each category of loan asset. Identification of PD and LGD involves significant judgements and estimates related to forward looking information. Since the identification of NPAs and providing for Impairment loss allowance requires significant level of	The audit procedures performed, among others, included: - Considering the Company's policies & processes for NPA identification and provisioning and assessing compliance with the RBI norms. - Understanding, evaluating and testing the design and effectiveness of key controls around identification of impaired accounts. - Performing other procedures including substantive audit procedures covering the identification of NPAs such as: • Reading account statements and related information of the borrowers on sample basis. • Performing inquiries with credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA. • Holding discussions with the management on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors. - Tested on sample basis the calculation performed by the management for impairment loss allowance & the realizable value of assets provided as security against loans classified as non-performing for computing the Impairment Loss Allowance.

estimation and given its significance to the overall audit, we have ascertained the computation of provision towards impairment of loan assets as a key audit matter.	- Verifying if the Impairment Loss Allowance computed as per ECL norms satisfy the minimum provision requirement as per RBI regulations.
b) Implementation of Ind AS The Company was required to move from the Indian GAAP to Ind AS from 1st April, 2018, with the effective date of transition being 1st April, 2017. This had substantially changed the financial reporting framework and accounting treatment for some of the Key Financial information, including restating of corresponding previous year figures. Following are the key changes: 1. Interest income and interest expense is recognized using effective interest rate method, while in previous GAAP, it was recognized as per the principles of Accounting Standard 9 and relevant RBI regulations. 2. Application of Expected Credit Loss method to assess the impairment on financial instruments. 3. Fair Valuation of Financial Instruments. 4. Securitised loans, which were derecognized in previous GAAP is brought back to books as per the Ind AS.	The audit procedures performed, among others, included: - Ensuring reference to relevant Indian Accounting Standards with respect to the completeness and accuracy of the adjustments identified by the management. - Reviewing internal financial controls, around the information used for arriving at the Ind AS adjustments and verification of the base data used for Ind AS adjustments. - Re-computation of journal entries made to the Indian GAAP figure to give effect of Ind AS. **Key Observations / finding**: Based on the above procedures performed, we concluded that there are no material misstatements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in planning the scope of our audit work and in evaluating the results of our work; and to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Comparative financial information and opening balance sheet
The comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017, included in these Ind AS financial statements, are based on the previously issued Standalone Financial Statements of the Company prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by us for the year ended March 31, 2018 as per our Independent Auditor's Report dated June 08, 2018 and by M/s. A Cherian & Associates, Chartered Accountants for the year ended March 31, 2017 as per their Independent Auditor's Report dated May 09, 2017 respectively, which expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "**Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;

ii. The Company did not have any foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

CA. R. Sreenivasan
Partner
Membership No.: 020566

Place: Kochi
Date: 30th May, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' in the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Ind AS Financial Statements as of and for the year ended 31st March 2019

(i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We have been informed that there have been no material discrepancies during such verification.

(c) In our opinion and according to the information and explanations given to us, the title deeds of immovable property included in Property, Plant & Equipment and in Investment Property, are held in the name of the Company.

(ii) The Company does not have any Inventory. Hence, the provisions of clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has granted the following loans to parties listed in the Register maintained under Section 189 of the Companies Act, 2013:

(Rs. In lakhs)

Name of the party	Nature of Loan	Balance as on 31.03.2019
Muthoot Pappachan Technologies Limited	Unsecured Loan	1,365.00
Muthoot Motors, Cochin	Secured Loan	64.89
Thomas John Muthoot	Secured Loan	6,700.00
Thomas George Muthoot	Secured Loan	6,600.00
Thomas Muthoot	Secured Loan	6,600.00

(a) In our opinion, the terms & conditions of the grant of such loan are, prima facie, not prejudicial to the interests of the Company.

(b) The above mentioned loans are repayable only at the end of the loan tenure and as such there is no repayment schedule. The interest repayment is regular.

(c) There is no amount overdue for more than ninety days with respect to these loans.

(iv) In our opinion, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Rules framed there under to the extent notified.

(vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence the provisions of this section are not applicable to the Company for the year under review.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax and other material statutory dues, as applicable, with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues as at 31st March, 2019 which have not been deposited on account of a dispute, are as follows:

(Rs. In lakhs)

Name of the statute	**Nature of dues**	**Amount**	**Period to which the amount relates**	**Forum where the dispute is pending**
Service Tax	Tax on Income from Foreign Inward Remittances	17.17	01/02/2006 to 30/09/2007	CESTAT, Bangalore
Service Tax	Tax on receipts relating to assignment of receivables	1,451.58	01/04/2007 to 31/03/2012	CESTAT, Bangalore
Service Tax	Tax on notional consideration against support	2,132.11	01/04/2008 to 31/03/2012	CESTAT, Bangalore

	services rendered to group concerns			
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	1,463.50	AY 2010-11	CIT (Appeals) – III / Kochi
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	741.70	AY 2013-14	CIT (Appeals) – III / Kochi
Income Tax	Non-Deduction of Tax at Source	3,860.65	AY 2015-16	CIT (Appeals) – III / Kochi
Value Added Tax	Purchase Tax	1,432.69	AY 2013-14	Deputy Commissioner (Appeals), Trivandrum
Value Added Tax	Assessment for FY2012-13 to FY2016-17	861.52	01/04/2012 to 31/03/2017	The Commercial Tax Officer, Amaindakarai Assessment Circle, Chennai

(viii) According to the records of the Company examined by us, and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

There are unpaid amounts of debentures amounting to Rs.2,253.54 lakhs outstanding as on March 31, 2019, which could not be paid as proper claims were not received from the debenture holders, as confirmed by the management.

(ix) Based on the information and explanations given to us, the Company has applied moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, instances of loans granted against theft gold, spurious gold and misappropriation of cash committed by personnel of the Company during the year were noticed aggregating to Rs.174.14 lakhs (net of recovery), which has been fully provided for in the accounts.

(xi) In our opinion, the managerial remuneration paid or provided, is in accordance with the provisions of Section 197 to the Act.

(xii) The Company, not being a Nidhi Company does not attract the provisions of Clause 3 (xii) of the Order.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties have been made in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the information and explanation given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them.

(xvi) The Company, being a Non-Banking Financial Company is required to be registered and has obtained the Certificate of Registration as provided under Section 45-IA of the Reserve Bank of India Act, 1934.

For For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

CA. R. Sreenivasan
Partner
Membership No.: 020566

Place: Kochi
Date: 30th May, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Ind AS Financial Statements as of and for the year ended 31 March 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"):

We have audited the internal financial controls over financial reporting of Muthoot Fincorp Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that; (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

CA. R. Sreenivasan
Partner
Membership No.: 020566

Place: Kochi
Date: 30th May, 2019

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE BALANCE SHEET AS AT 31st March 2019

(Rs. in lakhs)

	Particulars	Note	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
ASSETS					
1	**Financial assets**				
a)	Cash and cash equivalents	5	25,389.37	28,055.65	37,030.41
b)	Bank Balance other than above	6	5,818.16	4,405.54	3,757.59
c)	Receivables	7			
	Trade Receivables		2,836.93	3,272.54	2,103.00
d)	Loans	8	11,88,469.41	11,89,374.17	10,78,448.74
e)	Investments	9	1,84,770.61	1,85,843.22	1,42,909.15
f)	Other Financial assets	10	28,961.59	36,095.46	17,515.28
2	**Non-financial Assets**				
a)	Current tax assets (net)		-	-	6,356.53
b)	Investment Property	11	30,096.71	30,031.41	30,012.94
c)	Property, Plant and Equipment	12	49,655.41	51,624.40	55,538.22
d)	Other Intangible assets	13	449.56	645.16	318.78
e)	Other non financial assets	14	35,341.90	34,812.78	62,827.63
	Total assets		**15,51,789.65**	**15,64,160.33**	**14,36,818.27**
LIABILITIES AND EQUITY					
LIABILITIES					
	Financial Liabilities				
1	Payables	15			
a)	(I) 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		-	-	-
	(II) Other Payables				
	(i) total outstanding dues of micro enterprises and small enterprises		1.69	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		46,113.44	1,014.52	1,399.64
b)	Debt Securities	16	24,119.00	55,573.70	1,30,667.94
c)	Borrowings (other than debt securities)	17	8,26,360.14	8,61,952.31	7,21,398.89
d)	Subordinated Liabilities	18	2,73,028.69	2,66,844.40	2,42,764.57
e)	Other Financial liabilities	19	46,245.74	55,959.72	61,972.78
2	**Non-financial Liabilities**				
a)	Current tax liabilities (net)		3,659.10	127.91	-
b)	Provisions	20	2,157.83	1,917.75	1,284.85
c)	Deferred tax liabilities (net)	33	48,271.18	50,655.61	37,105.36
d)	Other non-financial liabilities	21	1,636.12	948.08	1,472.45
3	**Equity**				
a)	Equity share capital	22	19,370.56	19,370.56	19,370.56
b)	Other equity	23	2,60,826.16	2,49,795.77	2,19,381.23
	Total Liabilities and Equity		**15,51,789.65**	**15,64,160.33**	**14,36,818.27**

See accompanying notes to the Financial Statements 1 to 4

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

Date: 30/05/2019
Place: Kochi

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2019

(Rs. in lakhs)

		Particulars	Notes	For the year ended 31st March 2019	For the year ended 31st March 2018
		Revenue from operations			
	(i)	Interest income	24	2,27,773.81	2,06,625.72
	(ii)	Dividend income		18.88	18.77
	(iii)	Rental income		472.85	462.32
	(iv)	Fees and commission income		9,214.20	8,064.48
	(v)	Net gain on derecognition of financial instruments under amortised cost category		8,426.04	299.88
	(vi)	Others	25	2,422.87	3,182.83
(I)		**Total Revenue from operations**		**2,48,328.65**	**2,18,654.01**
(II)		Other Income		136.35	81.42
(III)		**Total Income (I + II)**		**2,48,465.00**	**2,18,735.43**
		Expenses			
	(i)	Finance costs	26	1,30,051.56	1,12,576.13
	(ii)	Impairment on financial instruments	27	2,638.88	5,850.45
	(iii)	Net Loss on fair value changes	28	259.41	105.22
	(iii)	Employee benefits expenses	29	43,099.72	39,044.89
	(iv)	Depreciation, amortization and impairment	30	6,996.09	7,078.60
	(v)	Other expenses	31	41,647.51	38,570.01
(IV)		**Total Expenses**		**2,24,693.18**	**2,03,225.31**
(V)		**Profit before tax (III- IV)**		**23,771.82**	**15,510.12**
(VI)		Tax Expense:			
		(1) Current tax		9,439.32	5,274.73
		(2) Deferred tax		(1,213.35)	(2,353.48)
(VII)		Profit for the year (V-VI)		**15,545.85**	**12,588.87**
(VIII)		**Other Comprehensive Income**			
	A	(i) Items that will not be reclassified to profit or loss			
		Net gain / (loss) on equity instruments measured through other comprehensive income		(3,334.74)	45,541.37
		Remeasurement of the defined benefit liabilities		(16.58)	412.55
		(ii) Income tax relating to items that will not be reclassified to profit or loss		1,171.08	(15,903.73)
		Subtotal (A)		(2,180.23)	30,050.19
	B	(i) Items that will be reclassified to profit or loss		-	-
		(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
		Subtotal (B)		-	-
		Other Comprehensive Income (A+B)		**(2,180.23)**	**30,050.19**
(IX)		**Total Comprehensive Income for the year (VII+VIII)**		**13,365.61**	**42,639.05**
(X)		**Earnings per equity share**	32		
		Basic (Rs.)		8.03	6.50
		Diluted (Rs.)		8.03	6.50

See accompanying notes to the financial statements 1 to 4

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director &
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Date: 30/05/2019
Place: Kochi

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March 2019

A. Equity Share Capital

Equity shares of Rs. 10/- each issued, subscribed and fully paid

(Rs. in lakhs)

Particulars	No. of shares	Amount
Balance as on 1st April 2017	**19,37,05,560.00**	**19,370.56**
Changes in equity share capital during the year	-	-
Balance as on 31st March 2018	**19,37,05,560.00**	**19,370.56**
Changes in equity share capital during the year	-	-
Balance as on 31st March 2019	**19,37,05,560.00**	**19,370.56**

B. Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income		Total Other Equity
	Securities Premium Reserve	Statutory Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instruments through Other Comprehensive income	Acturial valuation of gratuity impact through Other Comprehensive Income	
Balance as on 1st April 2017	**38,129.85**	**31,053.87**	**11,908.83**	**65,486.79**	**72,801.89**	**-**	**2,19,381.23**
Profit for the year	-	-	-	12,588.87	-	-	12,588.87
Other Comprehensive Income (net of taxes)	-	-	-	-	29,780.41	269.78	30,050.19
Write back from Debenture Redemption Reserve	-	-	(7,629.15)	7,629.15	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	3,031.39	-	(3,031.39)	-	-	-
Income Tax – Prior Years	-	-	-	(10,540.26)	-	-	(10,540.26)
Dividend Paid	-	-	-	(1,399.37)	-	-	(1,399.37)
Dividend Tax Paid	-	-	-	(284.88)	-	-	(284.88)
Balance as on 31st March 2018	**38,129.85**	**34,085.26**	**4,279.68**	**70,448.90**	**1,02,582.30**	**269.78**	**2,49,795.77**
Profit for the year	-		-	15,545.85	-	-	15,545.85
Other Comprehensive Income (net of taxes)	-	-	-	-	(2,169.45)	(10.79)	(2,180.23)
Write back from Debenture Redemption Reserve	-	-	(3,303.35)	3,303.35	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	3,109.17	-	(3,109.17)	-	-	-
Dividend Paid	-	-	-	(1,937.06)	-	-	(1,937.06)
Dividend Tax Paid	-	-	-	(398.17)	-	-	(398.17)
Balance as on 31st March 2019	**38,129.85**	**37,194.43**	**976.33**	**83,853.70**	**1,00,412.85**	**258.99**	**2,60,826.16**

See accompanying notes to the Financial Statements

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Date: 30/05/2019
Place: Kochi

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st March 2019

Particulars	As at 31st March 2019	As at 31st March 2018
A Cash flow from Operating activities		
Net Profit before taxation	**23,771.82**	**15,510.12**
Adjustments to reconcile profit before tax to net cash flows:		
Add: Depreciation, amortisation and impairment	6,996.09	7,078.60
Add: Impairment on financial instruments	2,638.88	5,037.30
Add: Finance cost	1,30,051.56	1,12,576.13
Add: Provision for Gratuity	226.98	661.72
Add: Provision for Compensated absense	13.09	(28.82)
Add: Unrealised loss on investment	259.41	105.22
Less: Interest income on investments	(220.64)	(764.68)
Less: Dividend income	(18.88)	(18.77)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	***1,63,718.32***	***1,40,156.83***
Adjustments for:		
(Increase)/Decrease in Trade receivables	435.61	(1,169.55)
(Increase)/Decrease in Bank balances other than cash and cash equivalents	(1,412.62)	(647.95)
(Increase)/Decrease in Loans	(1,734.12)	(1,15,962.72)
(Increase)/Decrease in Other financial asset	7,133.87	(18,580.18)
(Increase)/Decrease in Other non-financial asset	(529.12)	28,014.86
Increase/(Decrease) in Other financial liabilities	(9,713.98)	(6,013.05)
Increase/(Decrease) in Other non financial liabilities	688.04	(524.37)
Increase/(Decrease) in Trade payables	45,100.61	(385.12)
Increase/(Decrease) in Provisions	(16.58)	412.55
Cash genereated from operations	**2,03,670.03**	**25,301.30**
Finance cost paid	(1,30,796.22)	(1,13,067.12)
Income tax paid	(5,908.14)	(9,330.56)
Net cash flows used in operating activities	**66,965.67**	**(97,096.38)**
B Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(5,431.72)	(3,714.07)
Proceeds from sale of property, plant and equipments	534.93	204.42
Investment made in alternate investment fund	(80.00)	-
Proceeds from (purchase) / sale of securities	7.33	(736.54)
Proceeds from (purchase) / sale of debt securities	57.49	10,394.65
Investments in unquoted equity shares	(6.52)	(850.07)
Acquisition of shares in subsidiaries	(2,499.85)	(6,305.97)
Dividend income	18.88	18.77
Interest received on investments	220.64	764.68
Net cash used in investing activities	**(7,178.81)**	**(224.12)**
C Cash flow from Financing activities		
Increase / (decrease) in debt securities	(31,454.26)	(75,086.22)
Increase / (decrease) in borrowings (other than debt securities)	(34,857.11)	1,41,023.84
Increase / (decrease) in subordinated liabilities	6,193.45	24,092.37
Dividend paid (including tax on dividend)	(2,335.22)	(1,684.25)
Net cash from/(used in) financing activities	**(62,453.14)**	**88,345.74**
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(2,666.28)**	**(8,974.76)**
Cash and cash equivalents at April 01	**28,055.65**	**37,030.41**
Cash and cash equivalents at 31st March 2019/ 31st March 2018 (Refer note 5)	**25,389.37**	**28,055.65**

See accompanying notes to the financial statements

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
M.No.020566

For and on behalf of the Board of Directors,

Thomas John Muthoot
Managing Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Thomas Muthoot
Executive Director &
Chief Financial Officer
DIN: 00082099

Mathai T.D.
Company Secretary

Date: 30/05/2019
Place: Kochi

Significant Accounting Policies

1. Corporate Information

Muthoot Fincorp Limited, (the Company) , is a Public Limited Company, incorporated on June 10, 1997 under the provisions of Companies Act, 1956. The company is a Non-Deposit Accepting Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systematically Important Loan Company (NDSI).
Muthoot Fincorp Limited, the flagship company of the 130 year old Muthoot Pappachan Group, provides a diverse mix of retail offerings catering to the various needs of its customers and is primarily engaged in business of Gold Loans through its branch network across India. The company also offers Business Loans, Loans to Microfinance sector, Forex Services, Money Transfer Services and Wealth Management Services to its customers in its strive to be the most trusted financial service provider. The company is engaged in real estate business to a very limited extent.
The company's registered office is at Muthoot Centre, MG road, Trivandrum – 695039, Kerala, India.

2. Basis of preparation

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

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2019 have been prepared for first time in accordance with Ind AS. Refer to note number 44 on First time adoption to Ind AS for information on how the Company adopted Ind AS.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

i) Investments in equity instruments at fair value through other comprehensive income (FVOCI)
ii) Investments which are held for trading
iii) Defined benefit plans.

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

3. Significant accounting policies

3.1 Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

3.2 Recognition of revenue from sale of goods and services

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

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

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

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

3.2.1 Dividend income

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

3.2.2 Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

3.2.3 Fees and commission income

Fees and commission income such as service charges, commission from fee based business lines, service income etc. are recognised on point in time basis.

3.3 Financial instruments

1.1.1. Initial recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Loans are recognised when funds are transferred to the customers' account. Investments are recognised on settlement date. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

1.1.2. Initial and subsequent measurement of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI).
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
4. Equity instruments measured at fair value through other comprehensive income FVTOCI.

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

1.1.3. Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

1.1.4. Financial assets measured at fair value through other comprehensive income

A 'debt instrument' is measured at fair value through other comprehensive income if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and selling the assets and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

1.1.5. Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Company's investment is classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

1.1.6. Equity instruments

The Company subsequently measures investment in equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments*: *Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments classified at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

3.3.1 Financial Liabilities

Initial Measurement

All financial liabilities are initially recognised at fair value. Transaction cost that are directly attributable to the acquisition or the issue of financial liability, which are are not at fair value through profit or loss, are adjusted to fair value at initial recognition.

Subsequent Measurement

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

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

a) The Company has transferred its contractual rights to receive cash flows from the financial asset

or

b) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3.4.2 Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Company and/or its counter parties.

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

<u>For non-impaired financial instruments</u>

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities recognize 12 months of ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

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

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Forward looking information

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

Write-offs

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

Collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as gold, cash, securities, letters of credit/guarantees, stock, current asset etc. However, the fair value of collateral affects the calculation of ECLs. The fair value of the same is based on data provided by third party or management judgements.

Impairment of Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Foreign Currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

3.9 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.10 Other income and expenses

All Other income and expense are recognized in the period they occur.

3.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less and forex balances, which are subject to an insignificant risk of changes in value.

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

3.12 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.12.1 Depreciation

Tangible 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 based on a review by the management during the year and 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 estimated useful lives are as follows:

Particulars	**Useful life**
Buildings	60 years
Computer	3 years
Furniture and Fixtures	5 to 30 years
Plant and Equipment	5 to 20 years
Vehicles	5 to 8 years
Windmill	22 years
Office equipment	15 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13 Intangible assets

The Company's intangible assets consist of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the Written down value method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a Written down value basis over a period of 3 years keeping residual value 5%.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.14 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the company has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of April 1, 2017.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

The fair value of investment property is disclosed in the notes accompanying these financial statements. Fair value has been determined by independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.15 Impairment of non-financial assets

The Company's assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Post-employment benefits

3.16.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government, Employee State Insurance Corporation (ESIC) etc. are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The company has no obligation, other than the contribution payable under the schemes. The company recognizes contribution payable to the provident fund scheme / ESIC as expenditure, when an employee renders the related service. If the contribution payable to the scheme / ESIC for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

3.16.2 Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum 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 contributions to a Gratuity Fund administered by the Life Insurance Corporation of India.

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

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

3.17 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.17 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.17.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.17.2 Deferred tax

Deferred tax

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

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.17 Contingent Liabilities and assets

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

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

3.18 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

3.20 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

Company as a lessee
Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased assets are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with

expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

Company as a lessor
Leases where the Company does not transfer substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Rental Income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.21 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

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

4.2 Defined employee benefit assets and liabilities

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

4.3 Fair value measurement:

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

4.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

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

4.5 Effective Interest Rate (EIR) method

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

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

4.6 Other estimates:

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

5 Cash and cash equivalents

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Cash on hand	8,699.16	9,643.06	11,112.97
Balances with Banks			
- in current accounts	13,061.62	16,669.80	21,611.79
- in deposit accounts having original maturity less than three months*	3,095.33	1,530.47	3,695.59
Others			
-Forex Balance	533.26	212.32	610.07
Total	**25,389.37**	**28,055.65**	**37,030.41**

* Includes earmarked balances of Rs.3,058.82 lakhs as at 31st March 2019 (31st March 2018 - Rs.481.66 lakhs, March 31, 2017 - Rs.454 lakhs) towards margin money, staff deposits & loan against deposit.

6 Bank Balance other than above

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Deposit with original maturity for more than three months but less than twelve months*	5,818.16	4,405.54	3,757.59
Total	**5,818.16**	**4,405.54**	**3,757.59**

* Includes earmarked balances of Rs.5,026.39 lakhs as at 31st March 2019 (31st March 2018 - Rs.266.58 lakhs, March 31, 2017 - Rs.226.76 lakhs) towards margin money, staff deposits & loan against deposit.

7 Receivables

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
TRADE RECEIVABLES			
Receivables considered good - Unsecured			
Receivables from Money Transfer business	1,160.57	1,730.05	488.70
Wind Mill income receivable	1,627.07	1,095.86	1,168.90
Other Trade Receivables	49.30	446.64	445.40
Sub-Total	**2,836.93**	**3,272.54**	**2,103.00**
Less: Allowances for Impairment Loss	-	-	-
Total Net receivable	**2,836.93**	**3,272.54**	**2,103.00**

Of the total receivables as above, the following pertains to receivables due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
From Directors, relatives of Directors or Officers of the Company	-	-	-
From firms in which any director is a partner	2.14	-	-
From Companies in which any director is a director or a member	40.97	1.16	-
Total	**43.10**	**1.16**	**-**

Trade receivables are non-interest bearing and are short-term in nature. These consist of receivable from government and other parties, and does not involve any credit risk.

(Rupees in lakhs, except for share data and unless otherwise stated)

8 Loans (At amortised Cost)

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
A.			
Retail Loans	11,71,199.48	11,63,768.76	10,60,817.50
High Value Loans	37,575.96	43,246.44	30,276.41
Staff Loan	63.31	89.43	48.00
Total	**12,08,838.75**	**12,07,104.63**	**10,91,141.91**
Less: Impairment loss allowance	(20,369.35)	(17,730.46)	(12,693.17)
Total (A) - Net	**11,88,469.41**	**11,89,374.17**	**10,78,448.74**
B.			
I) Secured by tangible assets			
Retail Loans	10,93,652.13	10,81,078.56	9,71,283.55
High Value Loans	37,575.96	43,246.44	30,276.41
II) Secured by intangible assets	-	-	-
Total (I) - Gross	**11,31,228.09**	**11,24,325.00**	**10,01,559.95**
Less : Impairment loss allowance	(15,908.72)	(15,253.06)	(8,872.83)
Total (I) - Net	**11,15,319.37**	**11,09,071.93**	**9,92,687.13**
II) Covered by Bank / Government Guarantees	-	-	-
III) Unsecured			
Retail Loans	77,547.35	82,690.20	89,533.95
Staff Loan	63.31	89.43	48.00
Total (III) - Gross	**77,610.66**	**82,779.63**	**89,581.95**
Less : Impairment loss allowance	(4,460.63)	(2,477.40)	(3,820.34)
Total (III) - Net	**73,150.03**	**80,302.23**	**85,761.62**
Total (I+II+III) - Net	**11,88,469.41**	**11,89,374.17**	**10,78,448.74**
C.			
I) Loans in India			
i) Public Sector	-	-	-
ii) Others	12,08,838.75	12,07,104.63	10,91,141.91
II) Loans outside India	-	-	-
Total (C) - Gross	**12,08,838.75**	**12,07,104.63**	**10,91,141.91**
Less: Impairment Loss Allowance	(20,369.35)	(17,730.46)	(12,693.17)
Total (C)- Net	**11,88,469.41**	**11,89,374.17**	**10,78,448.74**

(i) The Company extends loans to its customers against security of gold not exceeding 75% of the value of gold. Value of gold for this purpose is taken from the rates published by the Association of Gold Loan Companies (AGLOC). AGLOC publishes the value of gold based on the immediately preceding 30 days average price of 22 Carrot Gold published by Bombay Bullion Association. The loan amount provided against security of gold works out to 67.27% of the value of gold as on 31-03-2019 (As at 31st March 2018 - 66.31%, As at March 31, 2017 - 67.55%).

(ii) The Company's Percentage of Gold Loan to Total Assets is 63.29% as at 31st March 2019 (As at 31st March 2018 - 69.07%, As at March 31, 2017 - 67.15%).

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. Details of the Company's internal grading system are explained in Note 3.7.

Particulars	31-03-2019				31-03-2018				01-04-2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
High grade	10,67,669.57	-	-	10,67,669.57	11,11,505.89	-	-	11,11,505.89	9,60,888.38	-	-	9,60,888.38
Standard grade	50,326.70	-	-	50,326.70	40,296.39	-	-	40,296.39	44,511.20	-	-	44,511.20
Sub-standard grade	-	40,815.62	-	40,815.62	-	24,544.41	-	24,544.41	-	44,577.83	-	44,577.83
Past due but not impaired	-	18,307.51	-	18,307.51	-	10,736.06	-	10,736.06	-	25,819.20	-	25,819.20
Non- performing												
Individually impaired	-	-	31,719.35	31,719.35	-	-	20,021.89	20,021.89	-	-	15,345.30	15,345.30
Total	**11,17,996.27**	**59,123.13**	**31,719.35**	**12,08,838.75**	**11,51,802.28**	**35,280.47**	**20,021.89**	**12,07,104.63**	**10,05,399.58**	**70,397.03**	**15,345.30**	**10,91,141.91**

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

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,51,802.28	35,280.47	20,021.89	12,07,104.63	10,05,278.33	70,397.03	15,345.30	10,91,020.66
New assets originated or purchased	27,74,173.24	-	-	27,74,173.24	24,04,260.96	-	-	24,04,260.96
Assets derecognised or repaid (excluding write offs)	(24,77,300.97)	(1,89,556.10)	(1,05,582.04)	(27,72,439.12)	(20,02,552.40)	(1,96,292.28)	(89,332.30)	(22,88,176.99)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(2,13,491.84)	2,13,491.84	-	-	(1,61,257.35)	1,61,257.35	-	-
Transfers to Stage 3	(1,17,186.43)	(93.08)	1,17,279.51	-	(93,927.26)	(81.62)	94,008.89	-
Gross carrying amount closing balance	**11,17,996.27**	**59,123.13**	**31,719.35**	**12,08,838.75**	**11,51,802.28**	**35,280.47**	**20,021.89**	**12,07,104.63**

Reconciliation of ECL balance is given below:

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,409.00	93.96	14,227.50	17,730.46	2,790.32	187.12	9,715.73	12,693.17
New assets originated or purchased	6,364.20	-	-	6,364.20	7,068.04	-	-	7,068.04
Assets derecognised or repaid (excluding write offs)	(6,448.07)	(655.25)	(61,668.82)	(68,772.14)	(5,699.17)	(522.42)	(62,290.69)	(68,512.28)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(489.77)	776.73	-	286.96	(474.06)	429.48	-	(44.59)
Transfers to Stage 3	(268.84)	(0.34)	65,029.04	64,759.86	(276.13)	(0.22)	66,802.47	66,526.12
ECL allowance - closing balance	**2,566.53**	**215.10**	**17,587.72**	**20,369.35**	**3,409.00**	**93.96**	**14,227.50**	**17,730.46**

Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has sold some loans and advances measured at amortised cost, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The table below summarises the carrying amount of the derecognised financial assets:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Carrying amount of derecognised financial assets	1,76,709.55	324.30	19,809.98
Gain/(loss) from derecognition	8,426.04	299.88	35.13

Transferred financial assets that are not derecognised in their entirety

The Company uses securitisation as a source of finance. The Company securitised its gold loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them.

As per the terms of the agreement, the Company is exposed to first loss ranging to 6%-7% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Carrying amount of assets re - recognised due to non transfer of assets	31,934.46	-	-
Carrying amount of associated liabilities	31,934.46	-	-

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Interest in unconsolidated structured entity:

These are entities which are not consolidated because the Company does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Company
Securitisation Vehicle for loans	To generate - funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee - Credit Enhancement provided by the Company - Excess interest spread

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Aggregate value of accounts sold to securitisation company	99,089.21	-	-
Aggregate consideration	99,089.21	-	-
Quantum of credit enhancement in the form of deposits	7,005.03	-	-
Servicing fees	40.00	-	-

(Rupees in lakhs, except for share data and unless otherwise stated)

9 Investments

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
(i) At Amortized Cost / At Cost			
Debt securities (At Amortized Cost)			
Bonds			
Bhavishya- Nirman Bond	-	4.99	4.99
St. Gregorious Medical Mission Bonds	300.00	300.00	300.00
Unlisted Debentures			
Investment Jalgaon Investments Private Limited	-	-	5,000.00
Investment Richa Lifespace Private Limited	612.50	612.50	700.00
Investment Diyug Construction Private Limited	282.85	282.85	400.00
Investment Richa Realtors Private Limited	1,300.00	1,300.00	1,300.00
Debt funds			
Investment in Strugence Debt Fund	1,000.00	1,000.00	1,000.00
Investment in BPEA India Credit - Trust II	610.00	610.00	-
Other securities			
Intercorporate deposit	-	-	5,800.00
Equity instruments (At Cost)			
Subsidiary-Unquoted*			
Investment in Muthoot Housing finance Company Limited	12,291.00	9,791.15	7,291.16
Investment in Muthoot Pappachan Technologies Limited	3.00	3.00	3.00
	16,399.35	**13,904.49**	**21,799.15**
(ii) At Fair Value through Profit or Loss			
Others - Quoted			
Investment in Edelweiss Asset Reconstruction Company	-	316.51	421.74
Investment in JM Financial India Fund II	84.60	-	-
	84.60	**316.51**	**421.74**
(iii) At Fair Value through Other Comprehensive Income			
Equity instruments			
Subsidiary-Unquoted			
Investment in Muthoot Microfin Limited	1,65,694.96	1,68,963.11	1,19,255.18
Others-Quoted			
Investment in Equity Shares (DP account with Motilal Oswal)	1,222.36	1,314.99	1,410.60

Others-Unquoted			
Investment in Muthoot Pappachan Chits Private Limited	4.38	4.02	22.47
Investment in Avenues India Private Limited	399.85	403.73	-
Investment in Fair Asset Technologies (P) Limited	457.93	455.03	-
Investment in Algiz Consultancy Services Private Limited	0.01	-	-
Others - Quoted			
Investment in PMS - Motilal Oswal	507.18	481.34	-
	1,68,286.66	**1,71,622.22**	**1,20,688.26**
Total Gross (A)	**1,84,770.61**	**1,85,843.22**	**1,42,909.15**
i) Investments outside India	-	-	-
ii) Investments in India	1,84,770.61	1,85,843.22	1,42,909.15
Total Gross (B)	**1,84,770.61**	**1,85,843.22**	**1,42,909.15**
Less : Allowance for impairment loss (C)	-	-	-
Total ((A) - (C))	**1,84,770.61**	**1,85,843.22**	**1,42,909.15**

* For the investment in subsidiary entity, the Company has opted for the exemption provided in para D15(b)(ii) of Ind AS 101 and accordingly the same has been measured at previous GAAP carrying amount i.e. at cost at the transition date

10 Other financial assets

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Security deposits	6,498.66	6,097.35	5,876.57
Interest accrued on fixed deposits with banks	34.31	7.19	4.29
Advance for Financial Assets	19,809.63	19,809.63	4,365.50
Deposits	97.48	105.68	95.91
Deposit with original maturity for more than twelve months*	119.77	159.62	357.22
Receivables from Auction Proceeds	-	3,992.33	4,608.09
Other financial assets	2,401.74	5,923.65	2,207.70
Total	**28,961.59**	**36,095.46**	**17,515.28**

* Includes earmarked balances of Rs.45 lakhs as at 31st March 2019 (31st March 2018 - Rs.119 lakhs, March 31, 2017 - Nil) towards margin money, loan against FD & security to Pension Fund Regulatory and Development Authority.

(i) Other Financial Assets above consists of the following receivables due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
From Directors, relatives of Directors or Officers of the Company	-	-	-
From firms in which any director is a partner	19,809.63	19,809.63	4,368.62
From Companies in which any director is a director or a member	646.64	397.29	36.61
Total	**20,456.27**	**20,206.92**	**4,405.23**

11 Investment Property

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017*
Inventory – Projects			
Opening Balance	30,031.41	30,012.94	30,012.94
Transferred from / (to) property, plant and equipment	-	-	-
Acquisitions	65.30	18.48	-
Closing balance	**30,096.71**	**30,031.41**	**30,012.94**
Depreciation and Impairment			
Opening balance	-	-	-
Charge for the year	-	-	-
Closing Balance	-	-	-
Net Block	**30,096.71**	**30,031.41**	**30,012.94**

* Deemed cost as at April 1st, 2017

(Rupees in lakhs, except for share data and unless otherwise stated)

12 Property, Plant and Equipment

Particulars	Buildings	Computer	Furniture & Fixtures	Land	Plant & Equipment	Vehicles	Windmill	Office Equipment	Equipment - Finance Lease	Total
Deemed Cost as at 1st April 2017	5,883.51	1,554.26	18,264.68	12,408.74	9,752.08	223.88	7,449.78	1.28	-	**55,538.22**
Addition during the year	-	734.24	1,347.59	1.36	1,040.74	-	-	11.35	-	**3,135.28**
Disposals	(32.90)	(30.06)	(6.53)	(15.03)	(118.99)	-	-	(0.92)	-	**(204.42)**
As at 31st March 2018	**5,850.61**	**2,258.44**	**19,605.74**	**12,395.07**	**10,673.84**	**223.88**	**7,449.78**	**11.71**	**-**	**58,469.07**
Addition during the year	-	878.03	1,348.17	160.48	1,456.06	-	-	44.80	1,338.66	**5,226.20**
Disposals	-	(31.33)	(40.44)	-	(459.43)	-	-	(3.74)	-	**(534.93)**
As at 31st March 2019	**5,850.61**	**3,105.14**	**20,913.47**	**12,555.55**	**11,670.47**	**223.88**	**7,449.78**	**52.77**	**1,338.66**	**63,160.33**
Accumulated Depreciation:										
As at 1st April 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charged for the year	98.91	805.15	3,946.63	-	1,423.75	58.16	511.74	0.31	-	**6,844.67**
Disposals	-	-	-	-	-	-	-	-	-	**-**
As at 31st March 2018	**98.91**	**805.15**	**3,946.63**	**-**	**1,423.75**	**58.16**	**511.74**	**0.31**	**-**	**6,844.67**
Charged for the year	98.91	811.32	3,678.98	-	1,498.77	58.16	511.74	2.14	0.23	**6,660.25**
Disposals	-	-	-	-	-	-	-	-	-	**-**
As at 31st March 2019	**197.83**	**1,616.47**	**7,625.62**	**-**	**2,922.52**	**116.32**	**1,023.49**	**2.45**	**0.23**	**13,504.92**
Net book value:										
As at 1st April 2017	**5,883.51**	**1,554.26**	**18,264.68**	**12,408.74**	**9,752.08**	**223.88**	**7,449.78**	**1.28**	**-**	**55,538.22**
As at 31st March 2018	**5,751.70**	**1,453.28**	**15,659.11**	**12,395.07**	**9,250.09**	**165.71**	**6,938.04**	**11.40**	**-**	**51,624.40**
As at 31st March 2019	**5,652.79**	**1,488.67**	**13,287.85**	**12,555.55**	**8,747.95**	**107.55**	**6,426.29**	**50.32**	**1,338.43**	**49,655.41**

(a) The Company has elected to avail exemption under Ind AS 101 to use previous GAAP carrying value as deemed cost at the date of transition.

13 Other Intangible assets

Particulars	Computer Software
Deemed Cost as at 1st April 2017	**318.78**
Addition during the year	560.31
Disposals	-
As at 31st March 2018	**879.10**
Addition during the year	140.23
Disposals	-
As at 31st March 2019	**1,019.32**
Accumulated Depreciation:	
As at 1st April 2017	**-**
Charged for the year	233.93
Disposals	-
As at 31st March 2018	**233.93**
Charged for the year	335.83
Disposals	-
As at 31st March 2019	**569.77**
Net book value:	
As at 1st April 2017	**318.78**
As at 31st March 2018	**645.16**
As at 31st March 2019	**449.56**

MUTHOOT FINCORP LIMITED

Standalone Notes to financial statements for the year ended 31st March 2019

(Rupees in lakhs, except for share data and unless otherwise stated)

14 Other Non-Financial assets

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Prepaid expenses	1,718.79	2,187.49	2,235.69
Advance to Creditors	560.61	318.64	989.84
Advance for Property	28,790.54	30,904.29	57,548.42
Pre-Deposit Fee	501.60	433.18	286.54
GST / Service Tax Receivables	336.78	179.31	753.44
Gratuity Fund	730.77	633.27	505.05
Other Receivable	2,702.82	156.60	508.66
Total	**35,341.90**	**34,812.78**	**62,827.63**

(a) Advance for Property as on 31.03.2019 consists of - Rs.1,722.40 lakhs (P.Y. Rs.1,722.40 lakhs), Rs.1,487.26 lakhs (P.Y. Rs.1,487.26 lakhs) and Rs.25,580.88 lakhs (P.Y.Rs.27,694.63 lakhs) advanced by the Company to its Directors and their relatives, M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) and M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) respectively for purchase of immovable property by the Company from them.

15 Payables

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Trade payables:			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprise	-	-	-
Other payables:			
Total outstanding dues of micro enterprises and small enterprises	1.69	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprise*	46,113.44	1,014.52	1,399.64
Total	**46,115.13**	**1,014.52**	**1,399.64**

Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Principal amount remaining unpaid during the year	1.69	-	-
Interest due thereon	-	-	-
Interest remaining accrued and unpaid at the end of the year	-	-	-
Total interest accrued and remained unpaid at year end	1.69	-	-

16 Debt Securities (At Amortised Cost)

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Secured Non-Convertible Debentures	4,272.75	39,021.85	83,632.92
(Secured by subservient charge on all current assets of the Company, both present and future and immovable property)			
Secured Non-Convertible Debentures - Listed*	19,846.25	16,551.85	47,035.02
(Secured against charge on current assets, book debts, receivables (both present & future) and immovable property)			
Total	**24,119.00**	**55,573.70**	**1,30,667.94**
Debt securities in India	24,119.00	55,573.70	1,30,667.94
Debt securities outside India	-	-	-
Total	**24,119.00**	**55,573.70**	**1,30,667.94**

*Includes issue expenses amortised as per EIR.

Maturity Profile of Non-Convertible Debentures

Particulars	Amount
FY 2019-20	23,732.58
FY 2020-21	218.86
FY 2021-22	80.00
FY 2023-24	88.00
Adjustments on account of effective rate of interest	(0.44)
TOTAL	**24,119.00**

Privately Placed Secured Debentures are secured either by subservient charge on all current assets of the Company, both present and future or by a first paripassu charge on all the present and future receivables of the Company and exclusive mortgage on the Immovable Property of the Company located at Erukkanthurai Village, Rathapuram Taluk, Trinelveli District, Tamil Nadu having Survey No 1253(part) extent 2acres. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company admeasuring 54 cents situated at Survey No. 764/6A in Arulvaimozhy Village, Kaniyakumari District. Listed debentures include both privately placed debentures and debentures issued by way of public issue.

17 Borrowings (other than debt securities) - At Amortised Cost

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
(a) Term loans			
(i) from banks	78,072.85	93,800.18	64,496.76
(ii) from other parties			
- financial institutions	4,262.01	-	14.56
(b) Finance lease obligations	1,312.75	-	-
(c) Loans repayable on demand			
(i) from banks (OD & CC)	7,10,778.07	7,68,152.13	6,56,887.57
(ii) from other parties	31,934.46	-	-
Total	**8,26,360.14**	**8,61,952.31**	**7,21,398.89**
Borrowings in India	8,26,360.14	8,61,952.31	7,21,398.89
Borrowings outside India	-	-	-

a) Security details :

Secured Term loans from Banks

The Loans are secured by way of hypothecation of Loan receivables, other current assets & specified fixed assets of the Company equivalent to security cover stipulated by respective banks. The loans aggregating to Rs.78,231.62 lakhs (31st March 2018 : Rs.93,915.79 lakhs) are guaranteed by promoter directors (Mr. Thomas John Muthoot, Mr.Thomas George Muthoot and Mr. Thomas Muthoot) of the Company.

Secured Term loans from other parties

The Loans are secured by way of hypothecation of Loan Receivables of the Company equivalent to security cover stipulated by respective lender.

Secured Loans repayable on demand

The Cash credit limit from banks are secured by way of hypothecation of Loan Receivables of the Company equivalent to security cover stipulated by respective banks. The Cash credit aggregating to Rs.732,000 lakhs (31st March 2018 : Rs.778,500 lakhs) are guaranteed by promoter directors (Mr. Thomas John Muthoot, Mr.Thomas George Muthoot and Mr. Thomas Muthoot) of the Company.

b) Terms of repayment

Secured loans from Banks

Name of Party	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	Terms of Repayment (based on last outstanding)
Term Loan from Banks				
1. State Bank of India Car Loan	21.57	25.72	29.53	Repayable in 51 monthly instalments on diminishing value method
2. State Bank of India Car Loan	9.33	10.73	12.00	Repayable in 60 monthly instalments on diminishing value method
3. Yes Bank	15,272.28	5,000.00	-	Repayable in 24 instalments. 1.67% of loan amount for next 4 instalments, 4.5% of the loan for then 19 instalments & 4.48% of the loan for the last instalment.
4. Lakshmi Vilas Bank	8,750.00	10,000.00	-	Repayable in 7 equal quarterly instalments till 30-11-2020
5. Oriental Bank of Commerce	5,000.00	10,000.00	-	Repayable in 3 quarterly instalments of Rs.1,666.67 lakhs each in Jun 19, Sep 19 & Dec 19
6. Punjab & Sind Bank	8,000.00	10,000.00	-	Repayable in 8 quarterly instalments of Rs.1,000.00 lakhs each from April 2019
7. Syndicate Bank	12,100.47	20,155.42	-	Repayable in 6 quarterly instalments of Rs.2,000.00 lakhs each from June 2019
8. Syndicate Bank	9,077.97	-	-	Repayable in 9 quarterly instalments of Rs.1,000 lakhs
9. United Bank of India	5,000.00	10,000.00	10,000.00	Repayable in 2 quarterly instalments of Rs.2,500.00 lakhs each

10. United Bank of India	10,000.00	10,000.00	10,000.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2019
11. AU Small Finance Bank	5,000.00	-	-	Repayable in 8 quarterly instalments of Rs.625.00 lakhs each from May 19
12. South Indian Bank	-	283.00	325.60	Repayable in 79 monthly instalments of 3.55 lakhs & last instalment of Rs.0.15 lakhs
13. ICICI Bank	-	12.65	22.51	Repayable in 14 monthly instalments on diminishing value method
14. Punjab & Sind Bank	-	10,000.00	10,000.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018
15. Syndicate Bank	-	8,428.27	25,227.19	Repayable in 2 quarterly instalments of Rs.4,166.67 lakhs
16. State Bank of India	-	-	146.52	Repayable in one instalment
17. State Bank of India	-	-	3,788.23	Repayable in 13 monthly instalments of Rs 288.33 Lakhs & last Instalment Rs 0.15 lakhs
18. Corporation Bank	-	-	5,000.00	Repayable in 2 quarterly instalments of Rs.2,500.00 lakhs each from June 2017
Adjustments on account of effective rate of interest	(158.76)	(115.61)	(54.83)	
Total	**78,072.85**	**93,800.18**	**64,496.76**	
Term Loan from Others				
1. Mahindra & Mahindra Financial Services Limited	4,270.15	-	-	Repayable in 30 equated monthly installments upto September 2021
2. HDFC Limited	-	-	14.56	Repayable in 11 monthly instalments on diminishing value basis
Adjustments on account of effective rate of interest	(8.15)	-	-	
Total	**4,262.01**	**-**	**14.56**	

18 Subordinated Liabilities (At Amortised Cost)

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Subordinated Debt	2,43,423.24	2,37,281.72	2,24,811.74
Subordinated Debt - Listed	3,556.19	3,554.50	3,552.82
Tier-I Capital - Perpetual Debt Instruments	26,049.26	26,008.17	14,400.00
Total	**2,73,028.69**	**2,66,844.40**	**2,42,764.57**
Borrowings in India	2,73,028.69	2,66,844.40	2,42,764.57
Borrowings outside India	-	-	-

(a) Subordinated Debt instruments are unsecured, subordinated to the claims of all other creditors with an initial maturity of minimum 5 years.

(b) Maturity Profile of Subordinated Debt

Particulars	Amount
FY 2019-20	39,182.11
FY 2020-21	33,171.38
FY 2021-22	64,560.18
FY 2022-23	36,745.31
FY 2023-24	47,810.99
FY 2024-25	5,978.68
FY 2025-26	9,177.93
FY 2026-27	10,362.01
Adjustments on account of effective rate of interest	(9.16)
TOTAL	**2,46,979.43**

(c) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines.

(d) The percentage of PDI to the Tier I Capital of the Company as at 31st March 2019 is 13.16% (31st March 2018 - 13.01%, March 31, 2017 - 7.91%).

19 Other Financial Liabilities

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Interest Payable	40,744.95	52,676.37	58,165.56
Expenses Payable	1,734.17	1,527.54	1,758.49
Security deposits received	869.25	1,109.18	864.33
Unpaid matured debt and interest accrued thereon	2,253.54	220.32	152.10
Others	643.83	426.31	1,032.30
Total	**46,245.74**	**55,959.72**	**61,972.78**

20 Provisions

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Provision for employee benefits			
- Gratuity	1,834.80	1,607.82	946.09
- Provision for compensated absences	323.03	309.94	338.76
Total	**2,157.83**	**1,917.75**	**1,284.85**

21 Other Non-Financial Liabilities

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Statutory dues payable	1,636.12	945.08	1,472.45
Other non financial liabilities	-	3.00	-
Total	**1,636.12**	**948.08**	**1,472.45**

(Rupees in lakhs, except for share data and unless otherwise stated)

22 Equity share capital

(a) Authorised share capital :

Particulars	No. of Shares	Amount
At 1st April 2017	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2018	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2019	20,00,00,000	20,000.00

(b) Issued capital :

Particulars	No. of Shares	Amount
At 1st April 2017	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2018	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2019	19,38,00,800	19,380.08

(c) Subscribed and Fully Paid Up Capital

Particulars	No. of Shares	Amount
At 1st April 2017	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2018	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2019	19,37,05,560	19,370.56

(d) Terms/ rights attached to equity shares :

The Company has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share. All shares rank pari passu with regard to dividend and repayment of capital. In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts.

(e) Shareholder's having more than 5% equity shareholding in the Company

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
	No. of shares and % of holding		
Mr. Thomas John Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas George Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas Muthoot	5,08,43,769 - 26.25%	5,08,43,769 - 26.25%	5,08,43,769 - 26.25%
Ms. Preethi John Muthoot	1,35,25,989 - 6.98%	1,35,25,989 - 6.98%	1,35,25,989 - 6.98%
Ms. Nina George	1,35,25,961 - 6.98%	1,35,25,961 - 6.98%	1,35,25,961 - 6.98%
Ms. Remy Thomas	1,35,25,988 - 6.98%	1,35,25,988 - 6.98%	1,35,25,988 - 6.98%

23 Other Equity

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Securities Premium	38,129.85	38,129.85	38,129.85
Statutory Reserve (pursuant to Section 45-IC of the RBI Act, 1934)	37,194.43	34,085.26	31,053.87
Debenture Redemption Reserve	976.33	4,279.68	11,908.83
Retained Earnings	83,853.70	70,448.90	65,486.79
Other Comprehensive income	1,00,671.84	1,02,852.08	72,801.89
Total	**2,60,826.16**	**2,49,795.77**	**2,19,381.23**

(a) Movement in reserves:

Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Securities Premium			
Balance at the beginning of the year	38,129.85	38,129.85	38,129.85
Add: Securities premium received during the year	-	-	-
Balance at the end of the year	**38,129.85**	**38,129.85**	**38,129.85**
Statutory Reserve (pursuant to Section 45-IC of the RBI Act, 1934)			
Balance at the beginning of the year	34,085.26	31,053.87	31,053.87
Add: Transfer from Retained Earnings	3,109.17	3,031.39	-
Balance at the end of the year	**37,194.43**	**34,085.26**	**31,053.87**
Debenture Redemption Reserve			
Balance at the beginning of the year	4,279.68	11,908.83	11,908.83
Less: Transfer to Retained Earnings on account of redemption	(3,303.35)	(7,629.15)	-
Balance at the end of the year	**976.33**	**4,279.68**	**11,908.83**
Retained Earnings			
Balance at the beginning of the year	70,448.90	65,486.79	59,367.54
Add: Profit for the period	15,545.85	12,588.87	6,119.25
Add : Transfer from Debenture Redemption Reserve on redemption	3,303.35	7,629.15	-
Less : Transfer to Statutory Reserve pursuant to 45-IC of RBI Act, 1934	(3,109.17)	(3,031.39)	-
Less: Income Tax – Prior Years	-	(10,540.26)	-
Less: Dividend Paid	(1,937.06)	(1,399.37)	-
Less: Dividend Tax Paid	(398.17)	(284.88)	-
Balance at the end of the year	**83,853.70**	**70,448.90**	**65,486.79**
Other Comprehensive income			
Balance at the beginning of the year	1,02,852.08	72,801.89	-
Add: Addition during the year	(2,180.23)	30,050.19	72,801.89
Balance at the end of the year	**1,00,671.84**	**1,02,852.08**	**72,801.89**
Total	**2,60,826.16**	**2,49,795.77**	**2,19,381.23**

23.1. The Income Tax Department had carried out a Search initiated u/s. 132 of the Income Tax Act at various offices of the Company in August, 2016, post which notices u/s. 153A of the Income Tax Act were issued on the Company. The Company had preferred an application before the Honourable Settlement Commission, Chennai bench, disposal of which is pending as at the reporting date. The tax effect of prior years, which were covered under the Settlement Application has been appropriated against Retained Earnings as the same pertains to previous periods, and not to the current year. The said appropriation is not an effect of Ind-AS convergence.

23.2 Nature and purpose of reserve

Securities Premium

Securities premium is used to record the premium on issue of shares. This can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. Accordingly, an amount representing 20% of Profit for the period is transferred to the Reserve for the year.

Debenture Redemption Reserve

The Companies (Share Capital and Debentures) Rules, 2014 requires companies that issue debentures to create a Debenture Redemption Reserve from annual profits until such debentures are redeemed. The Company is required to transfer 25% of the total value of Debentures outstanding as on 31st March 2019, which were issued through public issue to the Debenture Redemption Reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from Debenture Redemption Reserve to Retained Earnings.

Retained Earnings

This Reserve represents the cumulative profits of the Company. This is a free reserve which can be utilised for any purpose as may be required.

MUTHOOT FINCORP LIMITED

Standalone Notes to financial statements for the year ended 31st March 2019

(Rupees in lakhs, except for share data and unless otherwise stated)

24 Interest Income (On Financial Assets measured at Amortised Cost)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Interest on Loans	2,26,902.52	2,04,897.83
Interest Income from Investments	220.64	764.68
Interest on Deposit with Banks	632.90	492.49
Other Interest Income	17.75	470.72
Total	**2,27,773.81**	**2,06,625.72**

25 Others

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Income from Money transfer	927.47	1,139.87
Income From Forex Operations	276.42	285.87
Income From Power Generation	1,076.44	1,197.95
Income from Investment	26.01	435.60
Other income	116.54	123.54
Total	**2,422.87**	**3,182.83**

26 Finance Costs

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Interest on borrowings	88,587.63	68,059.90
Interest on debt securities	11,106.93	11,014.27
Interest on subordinate liablities	26,757.50	30,610.38
Other charges	3,599.50	2,891.59
Total	**1,30,051.56**	**1,12,576.13**

27 Impairment on Financial Instruments

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
At Amortised Cost		
Loans	2,638.88	6,126.94
At Fair Value through Other Comprehensive Income		
Investments	-	(276.49)
Total	**2,638.88**	**5,850.45**

28 Net loss on fair value changes

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	259.41	105.22

(ii) On financial instruments designated at fair value through profit or loss	-	-
(B) Gain on fair valuation of equity shares	-	-
Total Net gain/(loss) on fair value changes	**259.41**	**105.22**
Fair Value changes:		
- Realised	-	-
- Unrealised	259.41	105.22
Total Net gain/(loss) on fair value changes	**259.41**	**105.22**

(a) Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

29 Employee benefits expenses

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Salaries and Wages	36,974.95	33,038.68
Contributions to Provident and Other Funds	2,298.29	2,644.56
Incentives	1,421.26	1,271.21
Bonus & Exgratia	1,311.37	1,279.39
Staff Welfare Expenses	1,093.84	811.05
Total	**43,099.72**	**39,044.89**

30 Depreciation expense

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Depreciation of Tangible Assets	6,660.25	6,844.67
Amortization of Intangible Assets	335.83	233.93
Total	**6,996.09**	**7,078.60**

31 Other Expenses

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Rent, taxes and energy costs	19,557.73	18,442.96
Repairs and maintainence	2,291.23	3,478.08
Advertisement and publicity	5,452.98	3,755.12
Communication costs	3,232.99	2,614.82
Printing and Stationery	856.35	637.48
Legal & Professional Charges	2,762.93	2,797.23
Insurance	592.88	16.67
Auditor's fees and expenses	18.69	17.18
Director's fees, allowances and expenses	154.78	140.42
Security Charges	3,715.02	3,636.46
Travelling and Conveyance	2,322.55	2,159.91
Donations & CSR Expenses	587.53	477.62
Other Expenditure	101.85	396.06
Total	**41,647.51**	**38,570.01**

(a) Auditors Remuneration

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
As auditor		
Statutory Audit fees	16.00	16.00
Tax Audit fees	2.00	1.00
For other services		
Certification and other matters	0.54	0.13
For reimbursement of expenses		
Out of pocket expenses	0.15	0.05
Total	**18.69**	**17.18**

Above figures are exclusive of GST/Service Tax

(b) CSR Expenditure

As required under Section 135 of the Companies Act, 2013, the Company was required to spend Rs.335.82 lakhs in the reporting year in pursuance of its Corporate Social Responsibility Policy, being two per cent of the average net profits of the company made during the three immediately preceding financial years. The Company has during the year, spent a total of Rs.551.64 lakhs towards CSR expenditure. However, the accumulated shortfall in the amount spent over prior years, stands at Rs.150.42 lakhs as on 31st March 2019. The said shortfall is expected to be utilized in the subsequent years, as was partially utilized in the current reporting period.

(c) Donations made by the Company include political contributions amounting to Rs.0.25 lakhs during the year ended 31st March 2019 (Year ended 31st March 2018 : 0.10 lakhs).

32 Earnings Per Share

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

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

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Net profit attributable to ordinary equity holders	15,545.85	12,588.87
Weighted average number of ordinary shares for basic earnings per share	19,37,05,560	19,37,05,560
Effect of dilution:		
Weighted average number of ordinary shares adjusted for effect of dilution	19,37,05,560	19,37,05,560
Earnings per share		
Basic Earnings per share	8.03	6.50
Diluted Earnings per share	8.03	6.50

(Rupees in lakhs, except for share data and unless otherwise stated)

33 Income Tax

The components of income tax expense for the year ended 31st March 2019 and year ended 31st March 2018 are:

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Current tax	9,439.32	5,274.73
Deferred tax relating to origination and reversal of temporary differences	(1,213.35)	(2,353.48)
Income tax expense reported in statement of profit and loss	**8,225.98**	**2,921.25**
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
Net gain / (loss) on equity instruments measured through other comprehensive income	(1,165.29)	15,760.96
Remeasurement of the defined benefit liabilities	(5.79)	142.78
Income tax charged to OCI	**(1,171.08)**	**15,903.73**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differ from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2019 and year ended 31st March 2018 is, as follows:

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Accounting profit before tax	23,771.82	15,510.12
At India's statutory income tax rate of 34.944% (2018: 34.608%)	**8,306.83**	**5,367.74**
Adjustments in respect of current income tax of previous year		
(i) Donation & CSR Expenses disallowed under the Income Tax Act	205.31	165.29
(ii) Provisions disallowed under the Income Tax Act	-	338.68
(iii) Income to the extent exempt under the Income Tax Act:		
Dividend Income	(6.60)	(6.50)
Long Term Capital Gain on Sale of Land	-	(3.09)
(iv) Deduction of Interest expense of previous years claimed	-	(2,623.01)
(v) Deductions available under Chapter VI-A of the Income Tax Act	(279.56)	(317.86)
Income tax expense reported in the statement of profit or loss	**8,225.98**	**2,921.25**
Effective Income Tax Rate	**34.60%**	**18.83%**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

	Deferred tax assets	**Deferred tax liabilities**	**Statement of profit and loss**	**OCI**
	As at 31st March 2019	**As at 31st March 2019**	**2018-19**	**2018-19**
Opening Balance		**50,655.61**		
Fixed asset: Timing difference on account of Depreciation and Amortisation	687.90	-	(687.90)	-
Bonus Disallowed due to non-payment	74.23	-	(74.23)	-
Provision for gratuity	39.45	-	(39.45)	-
Provision for Leave Encashment	4.58	-	(4.58)	-
Financial assets measured at amortised cost	2.08	-	(2.08)	-
Impairment allowances on financial assets	413.43	-	(413.43)	-
Fair Valuation of Financial Assets	1,238.57	-	(73.28)	(1,165.29)
Financial liabilities measured at amortised cost	-	81.58	81.58	-
Acturial gain/loss on Employee benefits	5.79	-	-	(5.79)
Total	**2,466.02**	**50,737.19**	**(1,213.35)**	**(1,171.08)**

	Deferred tax assets	**Deferred tax liabilities**	**Statement of profit and loss**	**OCI**
	As at 31st March 2018	**As at 31st March 2018**	**2017-18**	**2017-18**
Opening Balance	-	**37,105.36**		-
Fixed asset: Timing difference on account of Depreciation and Amortisation	583.45	-	(583.45)	-
Bonus Disallowed due to non-payment	152.03	-	(152.03)	-
Provision for gratuity	184.64	-	(184.64)	-
Provision for Investment Rate Fluctuation	95.69	-	(95.69)	-
Provision for Leave Encashment	-	19.15	19.15	-
Financial assets measured at amortised cost	129.80	-	(129.80)	-
Impairment allowances on financial assets	1,261.95	-	(1,261.95)	-
Fair Valuation of Financial Assets	-	15,828.69	67.73	15,760.96
Financial liabilities measured at amortised cost	-	109.98	109.98	-
Acturial gain/loss on Employee benefits	-	-	(142.78)	142.78
Total	**2,407.56**	**53,063.17**	**(2,353.48)**	**15,903.73**

	Deferred tax assets	**Deferred tax liabilities**
	As at April 1, 2017	**As at April 1, 2017**
Opening Balance	**359.74**	**-**
Fixed asset: Timing difference on account of Depreciation and Amortisation	648.65	-
Bonus Disallowed due to non-payment	32.97	-
Provision for gratuity	18.97	-
Provision for Investment Rate Fluctuation	-	38.21
Provision for Leave Encashment	-	5.19
Provision for NPA	-	1,055.33
Financial assets measured at amortised cost	287.53	-
Impairment allowances on financial assets	1,399.20	-
Fair Valuation of Financial Assets	-	38,558.14
Financial liabilities measured at amortised cost	-	195.55
Total	**2,747.06**	**39,852.42**

(Rupees in lakhs, except for share data and unless otherwise stated)

34 Retirement Benefit Plan

Defined Contribution Plan

The Company makes contributions to Provident Fund & Employee State Insurance which are defined contribution plans for qualifying employees. The amounts recognized for the aforesaid contributions in the statement of profit and loss are shown below:

Particulars	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
Contributions to Provident Fund	1,337.09	1,252.98	1,206.14
Contributions to Employee State Insurance	952.57	970.56	767.69
Defined Contribution Plan	**2,289.66**	**2,223.54**	**1,973.83**

Defined Benefit Plan

The Company has a defined benifit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the company at 15 days salary (last drawn salary) for each completed year of service.

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

Particulars	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
Present value of funded obligations	1,834.80	1,607.82	946.09
Fair value of planned assets	730.77	633.27	505.05
Defined Benefit obligation/(asset)	**2,565.57**	**2,241.08**	**1,451.15**

Post employment defined benefit plan

Net benefit expense recognised in statement of profit and loss	**As at 31st March 2019**	**As at 31st March 2018**
Current service cost	340.22	344.62
Net Interest on net defined benefit liablity/ (asset)	73.09	76.34
Net benefit expense	**413.31**	**420.95**

Balance Sheet

Details of changes in present value of defined benefit obligations as follows:

Particulars	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
Defined benefit obligation at the beginning of the year	1,607.82	946.09	1,057.51
Current service cost	340.22	344.62	167.79
Interest cost on benefit obligations	120.59	83.88	91.31
Actuarial (Gain) / Loss on Total Liabilities	(16.58)	412.55	(204.28)
Benefits paid	(217.25)	(179.33)	(166.24)
Benefit obligation at the end of the year	**1,834.80**	**1,607.82**	**946.09**

Details of changes fair value of plan assets are as follows: -

Particulars	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
Fair value of plan assets at the beginning of the year	633.27	505.05	417.57
Actual Return on Plan Assets	14.75	7.54	30.06
Employer contributions	300.00	300.00	223.67
Benefits paid	(217.25)	(179.33)	(166.24)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	-	-	-
Fair value of plan assets as at the end of the year	**730.77**	**633.27**	**505.05**

Remeasurement gain/ (loss) in other comprehensive income (OCI)	**As at 31st March 2019**	**As at 31st March 2018**
Actuarial gain/(loss) on obligation	(16.58)	412.55
Actuarial changes arising from changes in financial assumptions	-	-
Experience adjustments	-	-
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	-	-
Actuarial gain /(loss) (through OCI)	**(16.58)**	**412.55**

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

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Salary Growth Rate	3.00%	5.00%
Discount Rate	8.00%	7.50%
Withdrawal Rate	5.00%	5.00%
Mortality	100% of IALM 2006-2008	100% of IALM 2006-2008
Interest rate on net DBO	8.00%	7.50%
Expected average remaining working life	28.04	29.33

Investments quoted in active markets:

Particulars	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
Equity instruments	-	-	-
Debt instruments	-	-	-
Real estate	-	-	-
Derivatives	-	-	-
Investment Funds with Insurance Company	100.00%	100.00%	100.00%
Of which, Unit Linked	-	-	-
Of which, Traditional/ Non-Unit Linked	100.00%	100.00%	100.00%
Asset-backed securities	-	-	-
Structured debt	-	-	-
Cash and cash equivalents	-	-	-
Total	100.00%	100.00%	100.00%

A quantitative sensitivity analysis for significant assumptions as at 31st March 2019 and 31st March 2018 are as shown below:

Assumptions	**Sensitivity Level**	**As at 31st March 2019**	**As at 31st March 2018**
Discount Rate	Increase by 1%	1,688.91	1,595.27
Discount Rate	Decrease by 1%	2,005.24	1,892.13
Further Salary Increase	Increase by 1%	2,012.35	1,869.00
Further Salary Increase	Decrease by 1%	1,680.99	1,611.14
Employee turnover	Increase by 1%	1,913.40	2,636.90
Employee turnover	Decrease by 1%	1,743.87	830.81
Mortality Rate	Increase in expected lifetime by 1 year	1,828.44	1,912.56
Mortality Rate	Increase in expected lifetime by 3 years	1,817.34	1,900.95

The weighted average duration of the defined benefit obligation as at 31st March 2019 is 10 years (2018: 10 years).

Gratuity liability is funded through a Gratuity Fund managed by Life Insurance Corporation of India Ltd.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(Rupees in lakhs, except for share data and unless otherwise stated)

35 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at 31st March 2019			As at 31st March 2018			As at 1st April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	25,389.37	-	25,389.37	28,055.65	-	28,055.65	37,030.41	-	37,030.41
Bank Balance other than above	5,818.16	-	5,818.16	4,405.54	-	4,405.54	3,757.59	-	3,757.59
Trade receivables	2,836.93	-	2,836.93	3,272.54	-	3,272.54	2,103.00	-	2,103.00
Loans	11,55,176.54	33,292.87	11,88,469.41	11,81,922.89	7,451.28	11,89,374.17	10,56,573.68	21,875.06	10,78,448.74
Investments	3,417.70	1,81,352.91	1,84,770.61	1,319.97	1,84,523.24	1,85,843.22	1,410.60	1,41,498.55	1,42,909.15
Other financial assets	4,153.80	24,807.79	28,961.59	11,217.99	24,877.47	36,095.46	8,003.42	9,511.86	17,515.28
Non-financial Assets									
Current tax assets (net)	-	-	-	-	-	-	6,356.53	-	6,356.53
Investment Property	-	30,096.71	30,096.71	-	30,031.41	30,031.41	-	30,012.94	30,012.94
Property, plant and equipment	-	49,655.41	49,655.41	-	51,624.40	51,624.40	-	55,538.22	55,538.22
Other intangible assets	-	449.56	449.56	-	645.16	645.16	-	318.78	318.78
Other non financial assets	33,941.91	1,399.99	35,341.90	33,141.21	1,671.57	34,812.78	60,824.66	2,002.97	62,827.63
Total assets	**12,30,734.41**	**3,21,055.23**	**15,51,789.65**	**12,63,335.79**	**3,00,824.54**	**15,64,160.33**	**11,76,059.90**	**2,60,758.37**	**14,36,818.27**
Liabilities									
Financial Liabilities									
Trade payables	46,115.13	-	46,115.13	1,014.52	-	1,014.52	1,399.64	-	1,399.64
Debt Securities	23,732.14	386.86	24,119.00	53,077.52	2,496.18	55,573.70	86,330.39	44,337.55	1,30,667.94
Borrowings (other than debt security)	7,81,489.30	44,870.84	8,26,360.14	8,12,337.50	49,614.81	8,61,952.31	6,82,444.90	38,953.99	7,21,398.89
Subordinated Liabilities	38,822.21	2,34,206.48	2,73,028.69	38,471.43	2,28,372.97	2,66,844.40	21,987.70	2,20,776.87	2,42,764.57
Other Financial liabilities	20,403.97	25,841.77	46,245.74	23,135.06	32,824.66	55,959.72	22,609.20	39,363.57	61,972.78
Non-financial Liabilities									
Current tax liabilities (net)	3,659.10	-	3,659.10	127.91	-	127.91	-	-	-
Provisions	163.12	1,994.71	2,157.83	-	1,917.75	1,917.75	1.24	1,283.61	1,284.85
Deferred tax liabilities (net)	-	48,271.18	48,271.18	-	50,655.62	50,655.62	-	37,105.36	37,105.36
Other non-financial liabilities	1,636.12	-	1,636.12	948.08	-	948.08	1,472.45	-	1,472.45
Total Liabilities	**9,16,021.08**	**3,55,571.84**	**12,71,592.93**	**9,29,112.01**	**3,65,881.99**	**12,94,994.00**	**8,16,245.53**	**3,81,820.95**	**11,98,066.48**
Net	**3,14,713.33**	**-34,516.61**	**2,80,196.72**	**3,34,223.78**	**-65,057.45**	**2,69,166.33**	**3,59,814.38**	**-1,21,062.58**	**2,38,751.79**

(Rupees in lakhs, except for share data and unless otherwise stated)

36 Change in liabilities arising from financing activities

Particulars	As at 31st March 2018	Cash Flows	Changes in fair value	Others	As at 31st March 2019
Debt Securities	55,573.70	(31,454.26)	-	(0.44)	24,119.00
Borrowings other than debt securities	8,61,952.31	(34,857.11)	-	(735.06)	8,26,360.14
Subordinated Liabilities	2,66,844.40	6,193.45	-	(9.16)	2,73,028.69
Total liabilities from financing activities	**11,84,370.41**	**(60,117.92)**	**-**	**(744.66)**	**11,23,507.83**

Particulars	As at 1st April 2017	Cash Flows	Changes in fair value	Others	As at 31st March 2018
Debt Securities	1,30,667.94	(75,086.22)	-	(8.02)	55,573.70
Borrowings other than debt securities	7,21,398.89	1,41,023.84	-	(470.42)	8,61,952.31
Subordinated Liabilities	2,42,764.57	24,092.37	-	(12.55)	2,66,844.40
Total liabilities from financing activities	**10,94,831.40**	**90,029.99**	**-**	**(490.98)**	**11,84,370.41**

(Rupees in lakhs, except for share data and unless otherwise stated)

37. Contingent Liabilities (to the extent not provided for)

Particulars	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
(i) Contingent Liabilities			
Claims against the Company not acknowledged as debt			
(i) Income Tax Demands	6,065.85	6,065.85	6,065.85
(ii) Service Tax Demands	3,600.86	3,600.86	3,023.17
(iii) Value Added Tax Demands	2,294.21	1,432.69	1,432.69
(iv) Bank Guarantees	204.50	208.57	276.30
(v) Cash Margin on Securitisation	3,891.32	-	-

(vi) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

38. Lease

Operating lease: as lessor
Future minimum lease payments under non-cancellable operating lease are as under:

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	482.68	486.85
Later than 1 year but later not later than 5 year	1,200.92	1,489.60
later than 5 year	658.00	851.99
Total	**2,341.59**	**2,828.44**

Operating lease: as lessee
Future minimum lease payments under non-cancellable operating lease are as under:

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	16,293.90	15,903.33
Later than 1 year but later not later than 5 year	39,383.72	51,062.23
later than 5 year	24,778.78	26,798.08
Total	**80,456.40**	**93,763.64**

Finance Lease : as lessee

Obligation under finance lease is secured by underlying asset leased. The legal title of these assets vests with the lessors. These obligations are repayable in monthly installments upto the year ending March 31, 2022. The interest rates for these obligations is approximately 12%. Details of finance lease payable is as follows:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Minimum lease payments	Present Value of minimum lease payment	Minimum lease payments	Present Value of minimum lease payment
Not later than 1 year	1,210.60	1,178.13	-	-
Later than 1 year but later not later than 5 year	436.14	367.99	-	-
later than 5 year	-	-	-	-
Total	**1,646.74**	**1,546.12**	**-**	**-**

(Rupees in lakhs, except for share data and unless otherwise stated)

39 Related Party Disclosures

Names of Related parties with whom transaction has taken place

(A) Subsidiaries

1 Muthoot Microfin Limited
2 Muthoot Housing Finance Company Limited
3 Muthoot Pappachan Technologies Private Limited

(B) Key Management Personnel	Designation
1 Thomas John Muthoot	Managing Director
2 Thomas George Muthoot	Director
3 Thomas Muthoot	Wholetime Director Cum Chief Financial Officer
4 Preethi John Muthoot	Additional Director
5 Kurian Peter Arattukulam	Director
6 Ramakrishna Pillai Kamalasanan Nair	Director
7 Vikraman Ampalakkat	Director
8 Thuruthiyil Devassia Mathai	Company Secretary

(C) Enterprises owned or significantly influenced by key management personnel or their relatives

1 MPG Hotels and Infrastructure Ventures Private Limited
2 Muthoot Automotive (India) Private Limited
3 Muthoot Automobile Solutions Private Limited
4 Muthoot Capital Services Limited
5 Muthoot Hotels Private Limited
6 Muthoot Infrastructure Private Limited
7 Muthoot Motors Private Limited
8 Muthoot Pappachan Medicare Private Limited
9 Muthoot Risk Insurance and Broking Services Private Limited
10 Muthoot Pappachan Chits (India) Private Limited
11 Muthoot Exim Private Limited
12 Muthoot Kuries Private Limited
13 MPG Security Group Private Limited
14 Muthoot Pappachan Centre Of Excellence In Sports
15 Muthoot Bankers
16 Muthoot Estate Investments
17 Muthoot Motors (Cochin)
18 Muthoot Pappachan Foundation

(D) Relatives of Key Management Personnel

1 Janamma Thomas
2 Nina George
3 Thomas M John
4 Suzannah Muthoot

Related Party transactions during the year:

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence		Subsidiaries	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Revenue								
Auction of Gold Ornaments	-	-	-	-	858	-	-	-
Commission Received	-	-	-	-	1,279.41	1,334.99	1,253.92	1,878.66
Employee Secondment Fee received	-	-	-	-	11.43	-	-	-
Processing Fee received	15.00	-	-	-	0.38	-	-	-
Rent received	-	-	-	-	260.81	256.11	137.73	136.18
Revenue from Travel Services	-	-	-	-	73.31	65.28	80.34	51.77
Sale of Used Assets	-	-	-	-	-	-	2.35	-
Interest accrued on loans & advances	2,388.00	17.00	-	-	33.39	29.52	218.40	386.27
Expense								
Commission Paid	132.00	132.00	-	-	4.02	2.92	975.55	1,051.16
Interest paid	576.00	62.40	-	-	269.91	372.30	-	-
Hotel Service payments	-	-	-	-	55.56	39.14	-	-
Professional & Consultancy Charges	-	-	-	-	1,925.97	1,905.71	961.46	1,158.63
Purchase of Gold Coins	-	-	-	-	5.30	-	-	-
Reimbursement of Expenses	-	-	-	-	(34.61)	(78.19)	(8.40)	(32.38)
Rent paid	132.99	143.91	-	-	14.72	20.19	-	-
Purchase of Used Assets	-	-	-	-	57.42	-	-	-
Remuneration Paid	1,744.85	1,641.70	12.82	2.48	-	-	-	-
Sitting Fee paid	8.75	7.75	1.25	-	-	-	-	-
Asset								
Advance for CSR Activities	-	-	-	-	555.90	466.67	-	-
ICD advanced	-	-	-	-	5,000.00	-	-	-
ICD repaid	-	-	-	-	(5,000.00)	-	-	-
Investment made in Equity	-	-	-	-	-	-	2,499.85	6,305.97
Loans Advanced	-	19,900.00	-	-	100.00	200.00	-	2,000.00
Loan repayments received	-	-	-	-	(121.99)	(213.11)	-	(4,397.00)
Refund received against advance for property	-	-	-	-	(2,113.75)	-	-	-
Liability								
Advance received towards Owners share	-	-	-	-	198.70	53.11	-	-
ICD accepted	-	-	-	-	23,000.00	-	-	-
ICD repaid	-	-	-	-	(23,000.00)	-	-	-
Investment in Debt Instruments	-	-	1.70	-	-	-	-	-
Security Deposit Accepted	-	-	-	-	-	-	3.00	17.95
Security Deposit Repaid	-	-	-	-	0.60	-	3.76	-

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence		Subsidiaries	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Asset								
Advance for CSR Activities	-	-	-	-	8.91	4.65	-	-
Advance for Property/Shares	1,588.53	1,722.40	133.87	-	46,877.77	48,991.52	-	-
Advance received towards Owners share	-	-	-	-	46.43	-	-	-
Commission Receivable	-	-	-	-	323.34	226.27	181.96	213.11
Expense Reimbursements Receivable	-	-	-	-	18.08	11.31	1.08	7.16
Interest on Loan Receivable	19.63	17.00	-	-	0.50	0.67	48.47	48.47
Loans Advanced	19,900.00	19,900.00	-	-	64.90	86.89	1,365.00	1,365.00
Other Receivable	-	-	-	-	0.59	0.60	4.03	1.16
Rent Receivable	-	-	-	-	46.31	26.57	29.85	13.63
Travel Service Receivables	-	-	-	-	16.71	37.86	26.33	8.71
Liability								
Collection balance payable	-	-	-	-	34.18	258.63	-	68.92
Commission Payable	15.88	41.20	-	-	-	-	67.61	213.91
Interest Payable	-	-	1.23	0.50	0.84	1.69	-	-
Rent Payable	-	0.50	-	-	-	-	-	-
Remuneration Payable	27.47	128.74	-	-	-	-	-	-
Investment in Debt Instruments	-	-	4.25	1.33	1.70	1.20	-	-
PDI issued	4,800.00	4,800.00	-	-	-	-	-	-
Professional & Consultancy Charges payable	-	-	-	-	85.26	-	-	-
Security Deposit received	-	-	-	-	45.03	45.63	51.98	52.74

Note

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Short–term employee benefits	1,753.60	1,649.45
Post-employment benefits	-	-
Total compensation paid to key managerial personnel	**1,753.60**	**1,649.45**

(Rupees in lakhs, except for share data and unless otherwise stated)

40 Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains healthy credit ratings and capital ratios in order to support its business and to maximise shareholder value.

Being an NBFC-SI, the RBI requires the Company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of a minimum Tier I Capital of 12% and a combined Tier I & Tier II Capital of 15% of our aggregate risk weighted assets.The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Regulatory capital	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
Tier I Capital	2,00,616	1,88,458	1,79,360
Tier II Capital	1,00,308	94,229	89,680
Total capital	**3,00,924**	**2,82,687**	**2,69,040**
Risk weighted assets	**13,71,259**	**13,75,958**	**12,82,784**
CRAR			
Tier I Capital (%)	14.63%	13.70%	13.98%
Tier II Capital (%)	7.32%	6.85%	6.99%

Tier I Capital comprises of share capital, share premium, reserves, retained earnings including current year profits and perpetual debt instruments subject to permissible limits. Certain adjustments are made to Ind AS–based results and reserves, in order to ensure compliance with the directions of the Reserve Bank of India. Tier II Capital consists primarily of Subordinated Debt Instruments, subject to permissible limits as per the directions of the Reserve Bank of India.

(Rupees in lakhs, except for share data and unless otherwise stated)

41 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in JM Financial India Fund II	84.60	-	-	84.60

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Microfin Limited	-	1,65,694.96	-	1,65,694.96
Investment in Muthoot Pappachan Chits Private Limited	-	4.38	-	4.38
Investment in Avenues India Private Limited	-	399.85	-	399.85
Investment in Fair Asset Technologies (P) Limited	-	457.93	-	457.93
Investment in Algiz Consultancy Services Private Limited	-	0.01	-	0.01
Investment in Equity Shares (DP account with Motilal Oswal)	1,222.36	-	-	1,222.36
Investment in PMS - Motilal Oswal	507.18	-	-	507.18

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Edelweiss Asset Reconstruction Company	-	316.51	-	316.51

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Microfin Limited	-	1,68,963.11	-	1,68,963.11
Investment in Muthoot Pappachan Chits Private Limited	-	4.02	-	4.02
Investment in Avenues India Private Limited	-	403.73	-	403.73
Investment in Fair Asset Technologies (P) Limited	-	455.03	-	455.03
Investment in Equity Shares (DP account with Motilal Oswal)	1,314.99	-	-	1,314.99
Investment in PMS - Motilal Oswal	481.34	-	-	481.34

The carrying amount and fair value measurement hierarchy for assets and liabilities as at 1st April 2017 is as follows:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Edelweiss Asset Reconstruction Company	-	421.74	-	421.74

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Microfin Limited	-	1,19,255.18	-	1,19,255.18
Investment in Muthoot Pappachan Chits Private Limited	-	22.47	-	22.47
Investment in Equity Shares (DP account with Motilal Oswal)	1,410.60	-	-	1,410.60

Fair value technique

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets or on published Net Asset Values of the investment at the measurement date.

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying Value			Fair Value		
		As at 31st March 2019	As at 31st March 2018	As at 1st April 2017	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
Financial assets							
Cash and cash equivalents	1	25,389.37	28,055.65	37,030.41	25,389.37	28,055.65	37,030.41
Bank Balance other than above	1	5,818.16	4,405.54	3,757.59	5,818.16	4,405.54	3,757.59
Trade receivables	3	2,836.93	3,272.54	2,103.00	2,836.93	3,272.54	2,103.00
Loans	3	11,88,469.41	11,89,374.17	10,78,448.74	11,88,375.96	11,88,015.23	10,74,282.39
Investments - at amortised cost	3	4,105.35	4,110.33	14,504.99	4,105.35	4,110.33	14,504.99
Other Financial assets	3	22,462.93	29,998.11	11,638.71	22,462.93	29,998.11	11,638.71
Financial assets		**12,49,082.14**	**12,59,216.35**	**11,47,483.44**	**12,48,988.70**	**12,57,857.41**	**11,43,317.08**
Financial Liabilities							
Trade Payable	3	46,113.44	1,014.52	1,399.64	46,113.44	1,014.52	1,399.64
Debt securities	3	24,119.00	55,573.70	1,30,667.94	24,042.28	55,281.37	1,24,335.24
Borrowings (other than debt securities)	3	8,26,360.14	8,61,952.31	7,21,398.89	8,19,144.26	8,52,560.57	7,11,459.01
Subordinated liabilities	3	2,73,028.69	2,66,844.40	2,42,764.57	2,00,609.97	1,92,899.82	1,69,970.15
Other financial liabilities	3	46,245.74	55,959.72	61,972.78	46,245.74	55,959.72	61,972.78
Financial Liabilities		**12,15,867.01**	**12,41,344.65**	**11,58,203.82**	**11,36,155.70**	**11,57,716.00**	**10,69,136.82**

Valuation techniques

Equity instruments

The equity instruments which are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1. Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions are generally Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured as per fair valuation report and valued on a case-by-case has been classified as Level 2.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, hence Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.

Fair values of portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics ie, type of loan. The Company then calculates and extrapolates the fair value to the entire portfolio using Effective interest rate model that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Financial liability at amortised cost

The fair values of financial liability held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.

42 Segment Reporting

In accordance with Para 4 of IND AS 108, Operating Segments, segment information has been presented in the consolidated financial statements of Muthoot Fincorp Limited and therefore, no separate disclosure has been given in standalone financial statement.

43. Risk Management

The Company’s principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company’s operations. The Company’s principal financial assets include loans, investments, cash and cash equivalents and other receivables that derive directly from its operations.

As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.
The Companys Risk Management Committee of the Board of directors constituted in accordance with the RBI rules has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets at least twice in a year to review the Risk Management practices and working of the Risk Management Department. The committee is chaired by the Chairman of the Audit Committee. Risk Management department periodically places its report to the committee for review. The committee’s suggestions for improving the Risk Management Practices are implemented by the Risk Management department.
The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.
The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically adressed through mitigating actions on a continuing basis.
The major type of risk Company faces in business are credit risk, liquidity risk, market risk and operational risk.

I) Credit Risk
Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs.

The Company addressess credit risk through following major processess:

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

A) Impairment Assessment

The Company is basically engaged in the business of providing retail loans and business loans. The tenure of the loans ranges from 3 months to 60 months.

The Company’s impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and care
The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.
It is the Company’s policy to consider a financial instrument as ‘cured’ and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for for loans are as follows:

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	30-60 DPD	Stage II
Past due but not impaired	60-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the company.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at 31 March 2019, 31 March 2018 and 01 April 2017.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company expects to receive.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant Increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade. One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

II) Liquidity risk

Asset Liability Management (ALM)

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions, capital & retail markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The table below shows the maturity pattern of the assets and liabilities:

Maturity pattern of assets and liabilities as on 31st March 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	23,595.28	1,015.17	778.92	-	-	-	-	-	25,389.37
Bank Balance other than (a) above	-	-	-	2,455.79	3,362.37	-	-	-	5,818.16
Receivables	2,836.93	-	-	-	-	-	-	-	2,836.93
Loans	1,60,938.52	48,916.86	61,057.75	2,47,052.92	6,37,210.48	33,292.87	-	-	11,88,469.41
Investments	2,709.38	-	283.33	195.83	229.16	807.18	1,610.00	1,78,935.72	1,84,770.61
Other Financial assets	3,500.45	18.28	21.98	69.96	543.13	23,086.49	1,182.73	538.57	28,961.59
Total	**1,93,580.57**	**49,950.32**	**62,141.98**	**2,49,774.50**	**6,41,345.13**	**57,186.54**	**2,792.73**	**1,79,474.29**	**14,36,246.07**
Payables	46,115.13	-	-	-	-	-	-	-	46,115.13
Debt Securities	1,553.28	20,086.60	948.00	243.84	900.42	298.86	88.00	-	24,119.00
Borrowings (other than Debt Securities)	40,461.80	8,311.67	37,015.90	1,90,988.18	5,04,711.75	33,830.69	8,199.31	2,840.84	8,26,360.14
Subordinated Liabilities	3,407.85	3,006.86	4,536.73	23,264.30	4,606.47	97,731.56	84,556.30	51,918.62	2,73,028.69
Other Financial liabilities	5,649.16	2,784.97	1,383.89	9,513.92	1,072.03	16,808.92	6,788.58	2,244.27	46,245.74
Total	**97,187.22**	**34,190.10**	**43,884.52**	**2,24,010.24**	**5,11,290.67**	**1,48,670.03**	**99,632.19**	**57,003.73**	**12,15,868.70**

Maturity pattern of assets and liabilities as on 31st March 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	26,891.25	653.34	511.06	-	-	-	-	-	28,055.65
Bank Balance other than (a) above	-	-	-	1,074.23	3,331.31	-	-	-	4,405.54
Receivables	3,272.54	-	-	-	-	-	-	-	3,272.54
Loans	1,27,940.56	55,043.45	86,790.44	3,73,152.19	5,38,996.25	7,040.09	411.19	-	11,89,374.17
Investments	1,314.99	-	-	-	4.99	4,903.20	-	1,79,620.04	1,85,843.22
Other Financial assets	10,764.57	14.73	21.42	36.14	381.13	21,433.04	2,791.61	652.82	36,095.46
Total	**1,70,183.90**	**55,711.52**	**87,322.92**	**3,74,262.56**	**5,42,713.68**	**33,376.33**	**3,202.80**	**1,80,272.86**	**14,47,046.58**
Payables	1,014.52	-	-	-	-	-	-	-	1,014.52
Debt Securities	8,065.33	3,464.86	3,826.51	14,383.20	23,337.62	2,496.18	-	-	55,573.70
Borrowings (other than Debt Securities)	104.09	1.31	78,192.42	2,01,980.29	5,32,059.38	45,997.13	1,815.02	1,802.67	8,61,952.31
Subordinated Liabilities	3,401.38	2,362.22	3,800.00	10,966.82	17,941.01	71,434.14	91,337.94	65,600.89	2,66,844.40
Other Financial liabilities	2,900.80	1,645.48	2,233.91	7,607.36	8,747.51	20,995.79	9,074.04	2,754.83	55,959.72
Total	**15,486.12**	**7,473.87**	**88,052.84**	**2,34,937.67**	**5,82,085.52**	**1,40,923.24**	**1,02,227.00**	**70,158.39**	**12,41,344.65**

Maturity pattern of assets and liabilities as on April 01, 2017:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	36,171.25	393.23	465.92	-	-	-	-	-	37,030.41
Bank Balance other than (a) above	-	-	-	1,094.70	2,662.89	-	-	-	3,757.59
Receivables	2,103.00	-	-	-	-	-	-	-	2,103.00
Loans	1,89,650.33	85,215.30	84,811.03	2,75,365.36	4,21,531.66	16,649.97	5,225.09	-	10,78,448.74
Investments	1,410.60	-	-	-	-	14,626.73	-	1,26,871.82	1,42,909.15
Other Financial assets	7,798.37	21.56	16.78	52.91	113.81	5,716.04	2,639.74	1,156.08	17,515.28
Total	**2,37,133.55**	**85,630.09**	**85,293.73**	**2,76,512.96**	**4,24,308.36**	**36,992.74**	**7,864.83**	**1,28,027.90**	**12,81,764.17**
Payables	1,399.64	-	-	-	-	-	-	-	1,399.64
Debt Securities	10,921.10	3,019.78	4,188.98	25,177.66	43,022.87	44,118.69	218.86	-	1,30,667.94
Borrowings (other than Debt Securities)	1,51,214.39	1,11,016.27	65,170.34	62,981.97	2,92,061.94	38,731.16	98.83	124.00	7,21,398.89
Subordinated Liabilities	-	-	-	-	21,987.70	74,898.19	88,223.58	57,655.10	2,42,764.57
Other Financial liabilities	2,885.11	308.72	458.24	3,838.83	15,118.30	26,403.57	9,821.13	3,138.87	61,972.78
Total	**1,66,420.25**	**1,14,344.77**	**69,817.56**	**91,998.46**	**3,72,190.81**	**1,84,151.61**	**98,362.40**	**60,917.97**	**11,58,203.82**

III) Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to two types of market risk as follows:

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings is as follows:

Particulars	31st March 2019	31st March 2018
On Borrowings		
1% increase	(11,539.39)	(11,396.01)
1% decrease	11,539.39	11,396.01

Price risk
Equity price risk is the risk that the fair value of equities decreases as the result of changes in level of equity indices and individual stocks. The trading and non-trading equity price risk exposure arises from equity securities classified at FVOCI".

A 10% increase/(decrease) in the equity price (traded and non-traded) would have the impact as follows:

Particulars	Increase/(Decrease) in percentage	Sensitivity of profit or loss	Sensitivity of Other Comprehensive Income
As at 31st March 2019	10/(10)	-	16,828.57 / (16,828.57)
As at 31st March 2018	10/(10)	-	17,162.09 / (17,162.09)

Prepayment risk
Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected.

Operational and business risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

44 First-time Adoption of Ind AS

These financial statements, for the year ended 31st March 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31st March 2019, together with the comparative period data as at and for the year ended 31st March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended 31st March 2018.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable IND AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to IND AS.

Deemed Cost

> IND AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40. Accordingly, the Company has elected to measure all its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to IND AS.The Company has elected to designate investment in equity instruments at FVOCI at each instrument level.

B) Mandatory exceptions

Estimates:

The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

> Impairment of financial assets based on expected credit loss model

> FVOCI on debt instrument

> Investment in equity instruments carried at FVOCI and FVTPL

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

De-recognition of financial assets and liabilities:

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of IND AS 109 prospectively for transactions occuring on or after the date of transition to IND AS. However IND AS 101, allows a first time adopter to apply the de- recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and Measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Equity reconciliation for 1st April 2017

Particulars	Notes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		37,030.41	-	37,030.41
Bank Balance other than above		3,757.59	-	3,757.59
Trade receivables		2,103.00	-	2,103.00
Loans (net of provision)	a,f,h & k	10,91,020.66	(12,571.91)	10,78,448.74
Investments	d & e	31,577.65	1,11,331.50	1,42,909.15
Other financial assets	c	19,965.44	(2,450.16)	17,515.28
Total (A)		**11,85,454.75**	**96,309.43**	**12,81,764.17**
Non-financial assets				
Current tax assets (Net)		6,356.53	-	6,356.53
Investment Property		30,012.94	-	30,012.94
Property, plant and equipment		55,538.22	-	55,538.22
Other Intangible assets		318.78	-	318.78
Other non-financial assets	c	60,817.74	2,009.90	62,827.64
Total (B)		**1,53,044.20**	**2,009.90**	**1,55,054.10**
Total Assets (A+B)		**13,38,498.95**	**98,319.32**	**14,36,818.27**
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables		1,399.64	-	1,399.64
Debt securities	b	1,30,709.40	(41.46)	1,30,667.94
Borrowings (other than debt securities)	b	7,21,906.56	(507.66)	7,21,398.89
Subordinated Liabilities	b	2,42,780.48	(15.91)	2,42,764.57
Other financial liabilities		61,972.78	-	61,972.78
Total (C)		**11,58,768.85**	**(565.03)**	**11,58,203.82**
Non-financial liabilities				
Provisions	i	9,505.68	(8,220.82)	1,284.85
Deferred tax liabilities (net)	j	38.40	37,066.96	37,105.36
Other non-financial liabilities		1,472.45	-	1,472.45
Total (D)		**11,016.52**	**28,846.14**	**39,862.66**
Total Liabilities (C+D)		**11,69,785.38**	**28,281.10**	**11,98,066.48**

Equity Share Capital		19,370.56	-	19,370.56
Other Equity	m	1,49,343.02	70,038.21	2,19,381.23
Total equity		**1,68,713.57**	**70,038.21**	**2,38,751.79**
Total liabilities and equity		**13,38,498.95**	**98,319.32**	**14,36,818.27**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation for 31st March 2018

Particulars	Notes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		28,055.65	-	28,055.65
Bank Balance other than above		4,405.54	-	4,405.54
Trade receivables		3,272.54	-	3,272.54
Loans	a,f,h & k	12,07,452.07	(18,077.91)	11,89,374.17
Investments	d & e	29,075.58	1,56,767.64	1,85,843.22
Other financial asset	c	38,211.21	(2,115.75)	36,095.46
Total (A)		**13,10,472.60**	**1,36,573.98**	**14,47,046.58**
Non-financial assets				
Investment Property		30,031.41	-	30,031.41
Property, plant and equipment		51,624.40	-	51,624.40
Other Intangible assets		645.16	-	645.16
Other non-financial assets	c	33,112.84	1,699.94	34,812.78
Total (B)		**1,15,413.82**	**1,699.94**	**1,17,113.75**
Total Assets (A+B)		**14,25,886.41**	**1,38,273.92**	**15,64,160.33**
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables		1,014.52	-	1,014.52
Debt securities	b	55,581.72	(8.02)	55,573.70
Borrowings (other than debt securities)	b	8,62,422.73	(470.42)	8,61,952.31
Subordinated liabilities	b	2,67,248.77	(404.37)	2,66,844.40
Other financial liability		55,959.72	-	55,959.72
Total (C)		**12,42,227.46**	**(882.81)**	**12,41,344.65**
Non-financial liabilities				
Current tax liabilities (net)		127.91	-	127.91
Provisions	i	11,899.56	(9,981.81)	1,917.75
Deferred tax liabilities (net)	j	(958.25)	51,613.87	50,655.61
Other non-financial liabilities		948.08	-	948.08
Total (D)		**12,017.30**	**41,632.06**	**53,649.36**
Total Liabilities (C+D)		**12,54,244.76**	**40,749.25**	**12,94,994.00**

Equity Share Capital		19,370.56	-	19,370.56
Other Equity	m	1,52,271.10	97,524.67	2,49,795.77
Total equity		**1,71,641.65**	**97,524.67**	**2,69,166.32**
Total liabilities and equity		**14,25,886.41**	**1,38,273.92**	**15,64,160.33**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Profit reconciliation for the year ended 31st March 2018

Particulars	Notes	Indian GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	a & g	2,06,583.75	41.97	2,06,625.72
Dividend income		18.77	-	18.77
Rental income		462.32	-	462.32
Fees and commission income		8,064.48	-	8,064.48
Net gain on derecognition of financial instruments under amortised cost category		299.88	-	299.88
Others		3,182.83	-	3,182.83
Total revenue from operations		**2,18,612.04**	**41.97**	**2,18,654.01**
Other Income		81.42	-	81.42
Total Income		**2,18,693.46**	**41.97**	**2,18,735.43**
Expenses				
Finance costs	a	1,12,893.91	(317.78)	1,12,576.13
Impairment on financial instruments		2,574.14	3,276.31	5,850.45
Net loss on fair value changes	d	-	105.22	105.22
Employee benefits expenses	i	38,632.34	412.55	39,044.89
Depreciation, amortisation and impairment		7,078.60	-	7,078.60
Other expenses	c	38,083.80	486.21	38,570.01
Total expenses		**1,99,262.79**	**3,962.52**	**2,03,225.31**
Profit /(loss) before exceptional items and tax		19,430.68	(3,920.55)	15,510.12
Exceptional items		-	-	-
Profit/(loss) before tax		**19,430.68**	**(3,920.55)**	**15,510.12**
Tax Expense:				
(1) Current tax	-	5,274.73	-	5,274.73
(2) Deferred tax (credit)	j	(996.65)	(1,356.83)	(2,353.48)
(3) Earlier years adjustments	-			-
Profit/(loss) for the period		**15,152.59**	**(2,563.73)**	**12,588.87**
Other Comprehensive Income	l			
(i) Items that will not be classified to profit or loss				
Net gain / (loss) on equity instruments measured through other comprehensive income		-	45,541.37	45,541.37
Remeasurement of the defined benefit liabilities	i	-	412.55	412.55
(ii) Income tax relating to items that will not be reclassified to profit or loss	j	-	(15,903.73)	(15,903.73)
Subtotal (A)		-	30,050.19	30,050.19

(i) Items that will be classified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
Subtotal (B)	-	-	-
Other Comprehensive Income	-	**30,050.19**	**30,050.19**
Total comprehensive income	**15,152.59**	**27,486.46**	**42,639.05**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Footnotes to the reconciliation of equity as at 1st April 2017 and 31st March 2018 and profit or loss for the year ended 31st March 2018

Effective interest rate impact

a. Under Indian GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in / reduced from the initial recognition amount of loans given to customer and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, loan to customers on transition date have decreased by Rs.390.55 lakhs and impact of the same has been taken to retained earnings. Further, the loans has decreased by Rs.765.63 lakhs for the year ended 31st March 2018 and impact of the same of Rs.375.07 lakhs has been taken to statement of profit and loss in the respective year.

b. Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowings. Consequently, borrowings on transition date have decreased by Rs.565.03 lakhs and impact of the same has a positive impact on retained earnings. Further, impact for the year ended 31st March 2018 amounting to Rs.882.81 lakhs has been decreased in Borrowings and Rs.317.78 lakhs has decreased the expense to Profit and loss for the year in respect of the same.

c. Refundable Security deposits has been recorded as per amortised cost under Ind AS 109. Consequently, the same has been decreased by Rs.2,115.76 lakhs as at 31 March 2018 (1 April 2017: Rs.2,450.17 lakhs) and prepaid rent has been increased by Rs.1,699.94 lakhs as at 31 March 2018 (1 April 2017: Rs.2,009.90 lakhs).
An amount of Rs.510.66 lakhs and Rs.486.21 lakhs was recognised in profit and loss for the year ended 31 March 2018, pertaining to the unwinding of security deposit and amortisation of prepaid rent respectively. The impact of unwinding of security deposit and amortisation of prepaid rent from the date of commencement of lease till the transition date has been recognised in retained earnings as on 1 April, 2017 which amounts to Rs.1,870.48 lakhs and Rs.2,310.75 lakhs respectively.

Investments

d. Under the Indian GAAP, current investments were carried at lower of cost and fair value, by way of providing for Investment Price Fluctuation. Under Ind AS, these investments are measured at fair value through profit or loss or through Other Comprehensive Income. The resulting fair value changes of these investments (and reversal of Provision for investment Price Fluctuation) has to be recognised in retained earnings / other comprehensive income as at the date of transition and for the year ended 31st March 2018. Accordingly there is a decrease in the value of erstwhile current investments by 22.71 lakhs as on the transition date and by Rs.358.59 lakhs as at the year ended 31st March 2018 with a corresponding credit to the Profit and Loss for Rs.276.48 lakhs and a debit to Other Comprehensive Income for Rs.335.89 lakhs for the year ending 31st March 2018.

e. Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated the investments in unquoted equity shares as FVOCI investments and investment in asset reconstruction fund as an FVTPL instrument. Ind AS requires FVOCI & FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes and the FVTPL investment has been recognized through the Statement of Profit & Loss. Accordingly there is an increase of Rs.111,354.21 in the investments at the transition date and of Rs.157,126.23 lakhs as at 31st March 2018. The impact of the same of Rs.105.22 lakhs has been expensed through Profit & Loss and Rs.45,877.25 lakhs has been credited to Other Comprehensive Income.

Loans to Customer

f. Under Indian GAAP, Non Performing Assets provisioning was computed based on the RBI guidelines. Under Ind AS, the impairment is computed based on Expected Credit Loss model. This has resulted in an increase in impairment provision by Rs.4,554.80 lakhs on the date of transition the impact of which was taken to retained earnings. The increase in impairment provision as at 31st March 2018 is Rs.8,107.60 lakhs.

Interest income on NPA Loans

g. Under IGAAP, interest income on NPA was recognised on cash basis. However, under Ind AS the interest income on NPA is accrued on net loans (after provision) based on EIR. As a result of recording interest income on NPA, the retained earnings as on transition date has increased by Rs.511.81 lakhs.

The impact for the year ended 31st March 2018 was Rs.93.62 lakhs and same has been taken to Profit and loss.

Securitisation of loans through pass through arrangement

h. Under Indian GAAP, all the loans securitised through pass through arrangment (PTC transaction) has been de - recognised from the books as meets the "'true sale criteria" as per RBI guidlines. Under Ind AS, these transactions does not meet the derecognition criteria as stated in Ind AS 109. Therefore such loans are recognised again in the books and a corresponding liability is created.

For the year ended 31 March 2019, loans and corresponding liability was recognised for Rs.31,955.35 lakhs.

Defined benefit obligations

i. Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Thus the employee benefit cost is increased by Rs 412.55 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax for the year ended 31st March 2018.

Deferred Tax

j. Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

As a result of Ind AS adjustments, the deferred tax liability as on April 01, 2017 has increased by Rs.37,066.96 lakhs leading to a reduction in Other Equity. The impact as on 31st March 2018 is Rs.51,613.87 lakhs, which has decreased the Profit & Loss by Rs.1,356.83 lakhs and increased the Other Comprehensive Income by Rs.15,903.73 lakhs.

Reclassification of provision of standard / non-performing assets (NPA)

k. Under Indian GAAP provision for Non Performing Asset and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPA’s amounting to Rs.8,138.36 lakhs and Rs.9,622.86 lakhs as on April 01, 2017 and 31st March 2018 respectively to impairment allowance as ECL and impact of the same of Rs.3,552.80 lakhs has been taken to statement of profit and loss in the respective year.

Other comprehensive income

l. Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

FVOCI Financial Assets

m. Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVOCI investments. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes.

Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

45 Standard issued but not yet effective

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116,Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases ,and related Interpretations. The effective date for adoption of of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Standard sets out the principles for recognition, measurement presentation and disclosure of leases for both parties to a contract i.e, the lessee and the lessor. Ind AS 116 requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Company is in the process of evaluating the impact on application of Ind AS 116 with respect to lease arrangements entered into on its financial statements

Ind AS 12 Appendix C: Uncertainty over Income tax Treatments: On March 30, 2019,Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit,(or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the profitability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for the adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.The Company is in the process of evaluating the impact on application of this standard on its financial statements

Amendment to Ind AS 12- Income Taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 , 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements

Amendment to Ind AS 19- plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements

(Rupees in lakhs, except for share data and unless otherwise stated)

46 Disclosures under the Listing Agreement for Debt Securities

(i) Debenture Trustees:

Trustees for Public Issue
SBICAP Trustee Company Limited
202, Maker Tower, 'E',
Cuffe Parade, Colaba,
Mumbai, Maharashtra – 400005
Tel : 022-4302 5555
Fax : 022-4302 5500
Email : helpdesk@sbicaptrustee.com

Trustees for Perpetual Debt Instrument
Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)
The IL&FS Financial Centre,
Plot C- 22, G Block,
Bandra Kurla Complex,
Bandra(E), Mumbai 400051
Tel + 91 22 2659 3651
Fax + 91 22 2653 3297
Email: itclcomplianceofficer@ilfsindia.com

Trustees for Listed Private Placement
Catalyst Trusteeship Limited
Office No. 83 – 87, 8th floor, 'Mittal TOWER 'B' Wing, Nariman Point, Mumbai – 400021
Office: 022-49220539,
Fax: 022-49220505
Email: dt@ctltrustee.com

(ii)Security:
Privately Placed Secured Debentures are secured either by subservient charge on all current assets of the Company, both present and future or by a first paripassu charge on all the present and future receivables of the Company and exclusive mortgage on the Immovable Property of the Company located at Erukkanthurai Village, Rathapuram Taluk, Trinelveli District, Tamil Nadu having Survey No 1253(part) extent 2acres. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company admeasuring 54 cents situated at Survey No. 764/6A in Arulvaimozhy Village, Kaniyakumari District.

(iii)Others:

Particulars	At 31st March 2019	At 31st March 2018	At 1st April 2017
Loans & advances in the nature of loans to subsidiaries	1,365.00	1,365.00	3,762.00
Loans & advances in the nature of loans to associates	Nil	Nil	Nil
Loans & advances in the nature of loans where there is-			
(i) no repayment schedule or repayment beyond seven years	Nil	Nil	Nil
(ii) no interest or interest below section 186 of the Companies Act	Nil	Nil	Nil
Loans & advances in the nature of loans to other firms/companies in which directors are interested	64.90	86.89	100.00

47 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

MUTHOOT FINCORP LIMITED
Standalone Notes to financial statements for the year ended 31st March 2019
(Rupees in lakhs unless otherwise stated)

Details required to be disclosed under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Schedule to Balance Sheet as required in terms of Paragraph 18 of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Sr. no.	PARTICULARS	Amount outstanding	Amount overdue
	LIABILITY SIDE		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	a. Debentures		
	▪ Secured	26,340.24	95.70
	▪ Unsecured (other than falling within the meaning of public deposits)	-	-
	b. Deferred credits	-	-
	c. Term loans	82,487.67	-
	d. Inter-corporate loans and borrowings	-	-
	e. Commercial paper	-	-
	f. Public Deposits	-	-
	g. Other loans:		
	▪ Working capital loans from banks	711,436.38	-
	▪ Finance Lease Obligation	1,312.75	-
	▪ Pass Through Certificate	31,934.46	-
	▪ Loan against Deposits	-	-
	▪ Loan from directors	-	-
	▪ Perpetual Debt Instruments	26,049.26	-
	▪ Subordinated Debts	284,692.01	2,157.84
	ASSETS SIDE		
Sr. no.	**PARTICULARS**	**Amount outstanding**	
2	Break-up of Loans and advances including bills receivables (Other than those included in (4) below)		
	a. Secured		1,115,319.37
	b. Un-Secured		73,150.04

3	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease		-
	(b) Operating Lease		-
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
4	**Break-up of Investments**		
	Current Investments		
	1. Quoted:		
	i. Shares		
	(a) Equity		1,222.36
	(b) Preference		-
	ii. Debentures and Bonds		-
	iii. Units of Mutual Funds		-
	iv. Government Securities		-
	v. Others		-
	2. Un-Quoted:		
	i. Shares:		
	(a) Equity		-
	(b) Preference		-
	ii. Debentures and Bonds		2,195.35
	iii. Units of Mutual Funds		-
	iv. Government Securities		-
	v. Others		-
	Long Term Investments		
	1. Quoted:		
	a. Shares		
	(a) Equity		-
	(b) Preference		-
	ii. Debentures and Bonds		-
	iii. Units of Mutual Funds		507.18
	iv. Government Securities		-
	2. Un-Quoted:		
	i. Shares:		
	(a) Equity		177,993.35
	(b) Preference		857.78
	ii. Debentures and Bonds		1,300.00
	iii. Units of Mutual Funds		-
	iv. Government Securities		-
	v. Others		694.60

5	**Borrower group wise classification of assets financed as in (2) & (3) above**			
	Category	**Amount net of provisions**		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	a. Subsidiaries	0.00	1,391.50	1,391.50
	b. Companies in the same group	64.00	0.00	64.00
	c. Other related parties	19,643.22	0.00	19,643.22
	2. Other than related Parties	1,095,612.15	71,758.53	1,167,370.69
	Total	**1,115,319.37**	**73,150.03**	**1,188,469.41**

6	**Investor group-wise classification of all investments (Current and Long term) in shares and securities (both quoted and unquoted);**		
	Category	**Market value/Breakup or Fair value or NAV**	**Book Value (Net of Provisions)**
	1. Related Parties		
	a. Subsidiaries	177,988.96	177,988.96
	b. Companies in the same group	4.38	4.38
	c. Other related parties	0.00	0.00
	2. Other than related Parties	6,777.27	6,777.27
	Total	**184,770.61**	**184,770.61**

7	**Other Information***	
	Particulars	**Amount**
	(i) Gross Non-Performing Assets	
	(a) Related Parties	0.00
	(b) Other than related parties	34,617.25
	(ii) Net Non-Performing Assets	
	(a) Related Parties	0.00
	(b) Other than related parties	25,651.83
	(iii) Assets Acquired in satisfaction of debt	0.00

*Based on NPA norms as per RBI guidelines.

Additional Disclosure requirements as per Master Direction DNBR. PD. 008/03.10.119/2016-17, September 01, 2016)

1. Capital Adequacy Ratio

	Items	Current Year	Previous Year
1	CRAR (%)	21.95%	20.55%
2	CRAR – Tier I Capital (%)	14.63%	13.70%
3	CRAR – Tier II Capital (%)	7.32%	6.85%
4	Amount of subordinated debt raised as Tier-II capital (eligible amount, restricted to 50% of Tier-I capital)	100,309.68	94,231.04
5	Amount raised by issue of Perpetual Debt Instruments	26,400.00	26,400.00

The percentage of PDI to the Tier I Capital of the Company is 13.16%.

2. Investments

			Particulars	Current Year	Previous Year
(1)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	184,770.61	185,843.22
		(b)	Outside India	0.00	0.00
	(ii)	Provisions for Depreciation			
		(a)	In India	0.00	0.00
		(b)	Outside India	0.00	0.00
	(iii)	Net Value of Investments			
		(a)	In India	184,770.61	185,843.22
		(b)	Outside India	0.00	0.00
(2)	Movement of provisions held towards depreciation of investments				
	(i)	Opening Balance		0.00	0.00
	(ii)	Add: Provisions made during the year		0.00	0.00
	(iii)	Less: Write off/write back of excess provisions during the year		0.00	0.00
	(iv)	Closing balance		0.00	0.00

3. Derivatives

The Company did not have any Derivative transaction during the year.

4. Securitisation

Details of Securitisation undertaken by the Company

	Particulars	Current Year	Previous Year
(i)	Number of accounts	3,30,005	Nil
(ii)	Aggregate value (net of provisions) of accounts sold	99,089.21	Nil
(iii)	Aggregate consideration	99,089.21	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	0.00	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

Details of Direct Assignment of Cash Flow transactions undertaken by the Company

	Particulars	Current Year	Previous Year
(i)	Number of accounts	10,00,402	Nil
(ii)	Aggregate value (net of provisions) of accounts sold	339,933.72	Nil
(iii)	Aggregate consideration	339,933.72	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	0.00	Nil
(v)	Aggregate gain / loss over net book value	8,426.04	Nil

5. Asset Liability Management Maturity pattern of certain items of Assets & Liabilities

Description	Up to 1 month	>1 to 2 month	>2 to 3 months	>3 to 6 months	6months to 1 yr	>1 to 3 yrs	>3 to 5 yrs	>5 yrs	Total
Advances	160,938.52	48,916.86	61,057.75	247,052.92	637,210.48	33,292.87	-	-	11,88,469.41
Investments	2,709.39	-	283.33	195.83	229.16	807.18	1,610.00	178,935.72	184,770.61
Borrowings	45,422.93	31,405.13	42,500.63	214,496.32	510,218.64	131,861.11	92,843.61	54,759.46	11,23,507.83
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

6. Exposures

Exposure to Real Estate Sector

Category	Current Year	Previous Year
a. Direct Exposure		
i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	866.41	12,201.75

ii. Commercial Real Estates Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non- fund based (NFB) limits.	0.00	0.00
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures ▪ Residential ▪ Commercial Real Estate	0.00	0.00
b. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	14,486.35	14,068.53
Total Exposure to Real Estate Sector	**15,352.76**	**26,270.28**

<u>Exposure to Capital Market</u>

	Particulars	Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,222.36	1,314.99
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil

(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		**1,222.36**	**1,314.99**

7. Miscellaneous

Registration obtained from other financial sector regulators

The company has not obtained registrations from any other financial sector regulators during the year.

Disclosure of Penalties imposed by RBI and other regulators

No penalty was imposed on the Company during the year.

Policy on dealing with Related Party Transactions

The Related Party transactions are entered into complying with the relevant provisions of the Companies Act, 2013.

Ratings assigned by credit rating agencies and migration of ratings during the year

The Company's Long Term Credit Rating by CRISIL has improved to CRISIL A/Stable in FY18-19 as compared to CRISIL A-/Stable in FY17-18. The Long Term Credit Rating by CARE has been CARE A-/Stable in FY 18-19 & FY17-18. The latest debt-wise Rating of the Company are as below:

Type	Rating (2018-19)	Rating (2017-18)	Date of Rating
Short Term Rating	CRISIL A1	CRISIL A1	30/03/2019
Short Term Rating	CARE A1	CARE A1	30/03/2019
Long Term Rating	CARE A- ; Stable	CARE A- ; Stable	30/03/2019
Long Term Rating	CRISIL A/Stable	CRISIL A-/Stable	30/03/2019
Perpetual Debt Instruments	CRISIL BBB+/Stable BWR A/Stable	CRISIL BBB/Stable BWR A/Stable	27/06/2018 03/07/2018
Subordinate Debt	CRISIL A/Stable	CRISIL A-/Stable	30/03/2019
Non-Convertible Debentures (NCD)	CRISIL A/Stable BWR A+/Stable	CRISIL A-/Stable -	30/03/2019 03/07/2018

Remuneration of Directors – Non-Executive Director

The Company has paid Rs.132.00 lakhs to Mr. Thomas George Muthoot, Non-Executive Director of the Company during the year. Remuneration (other than Sitting Fee) has not been paid to any of the other Non-Executive Directors.

8. Additional Disclosures

Concentration of Advances

Particulars	Current Year	Previous Year
Total Advances of twenty largest borrowers	36,721.95	41,407.06
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	3.34%	3.43%

Concentration of Exposures

Particulars	Current Year	Previous Year
Total Exposure of twenty largest borrowers/customers	40,603.54	41,614.61
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.69%	3.45%

Concentration of NPA's

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts*	9,301.23	8,634.16

*Based on NPA norms as per RBI guidelines.

Sector-wise NPA's*

Sl.no.	Particulars	Current Year	Previous Year
1	Agriculture & allied activities	13,872.66	8,145.03
2	MSME	13,262.04	10,681.85
3	Corporate borrowers	0.00	0.00
4	Services	0.00	0.00
5	Unsecured personal loans	7,482.55	2,951.65
6	Auto loans	0.00	0.00
7	Other personal loans	0.00	0.00

*Based on NPA norms as per RBI guidelines.

Movement of NPA's*

		Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)		2.33%	1.45%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	21,778.54	16,371.03

	(b)	Additions during the year	16,322.99	13,752.59
	(c)	Reductions during the year	3,484.28	8,345.08
	(d)	Closing balance	34,617.25	21,778.54
(iii)	Movement of Net NPAs			
	(a)	Opening balance	16,650.48	11,748.88
	(b)	Additions during the year	11,958.94	11,940.04
	(c)	Reductions during the year	2,957.59	7,038.44
	(d)	Closing balance	25,651.83	16,650.48
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	5,128.05	4,622.15
	(b)	Additions during the year	4,364.05	1,812.54
	(c)	Write-off / write-back of excess provisions	526.69	1,306.64
	(d)	Closing balance	8,965.41	5,128.05

*Based on NPA norms as per RBI guidelines.

Off-Balance Sheet SPV's sponsored

Name of the SPV Sponsored	
Domestic	**Overseas**
Nil	Nil

Disclosure of Customer Complaints

Sl. No.	Particulars	Number
(a)	Number of complaints pending at the beginning of the year	6
(b)	Number of complaints received during the year	1267
(c)	Number of complaints redressed during the year	1260
(d)	Number of complaints pending at the end of the year	13

Report of Independent Auditor on the Reformatted Consolidated Financial Statements of Muthoot Fincorp Limited

To,
The Board of Directors
Muthoot Fincorp Limited
Muthoot Centre,
Punnen Road,
Trivandrum,
Kerala -695039

Dear Sirs,

We have examined the attached Reformatted Consolidated Financial Statements of Muthoot Fincorp Limited (the "Company") ("Reformatted Consolidated Financial Statements") as at and for the years ended 31.03.2018, 31.03.2017, 31.03.2016 and 31.03.2015, annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its Proposed Public Issue of **SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF Rs.1,000 EACH AT PAR, FOR AN ISSUE SIZE OF RS.25,000 LAKHS, WITH A GREEN SHOE OPTION OF RS.25,000 LAKHS, AGGREGATING TO RS.50,000 LAKHS.** Such financial statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

a) Section 26(1)(b)(i) of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus & Allotment of Securities) Rules, 2014, as applicable to the public issue of Non-Convertible Debentures.

b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

The preparation of the Reformatted Consolidated Financial Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

1. The Reformatted Consolidated Financial Statements have been extracted by the management from the audited consolidated financial statements of the Company as at 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. The audited consolidated financial statements of the Company as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 were approved by the Board of Directors on 29.05.2018, 09.05.2017, 14.06.2016 & 30.06.2015 respectively.

   We have audited the Consolidated Financial Statements of the Company for the year ended 31.03.2018, in respect of which we have issued audit opinions vide our report dated 08.06.2018. As for the years ended 31.03.2017, 31.03.2016 & 31.03.2015, the audit of Consolidated Financial Statements was carried out by M/s. A. Cherian & Associates (FRN – 011456S), in respect of which audit opinions were issued vide reports dated 09.05.2017, 14.06.2016 & 30.07.2015, on which we have relied.

2. We have examined such Reformatted Consolidated Financial Statements taking into consideration:

   a) the terms of engagement received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its Proposed Public Issue of Debt Securities; and

   b) the requirements of Section 26(1)(b)(i) of the Companies Act, 2013 read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI Debt Regulations; and

   c) the Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.

3. In accordance with the requirements of Section 26(1)(b)(i) of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Guidance Note and the terms of our engagement agreed with you, we further report that the Reformatted Consolidated Financial Statements consisting of:

a) the Reformatted Summary Statement of Consolidated Assets and Liabilities, Notes forming part thereof and the Significant Accounting Policies, as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015;

b) the Reformatted Summary Statement of Consolidated Profit and Loss, Notes forming part thereof and the Significant Accounting Policies, for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015; and

c) the Reformatted Summary Consolidated Cash Flow Statement of the Company, as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015;

proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company, that are set out in Annexure I to VI to this report, have been examined by us, and are accurately extracted from the audited consolidated financial statements of the Company for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015.

4. Based on our examination as above, we further report that:

a) these Reformatted Consolidated Financial Statements have been presented in "Rupees in Lakhs"

b) the Reformatted Consolidated Financial Statements have to be read in conjunction with the Notes on Reformatted Consolidated Financial Statements and Significant Accounting Policies.

c) the figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Consolidated Financial Statements as at and for the year ended March 31, 2018.

d) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Consolidated Financial Statements, other than those disclosed;

e) there are no qualifications in the auditors' reports, which require any adjustments to the Reformatted Consolidated Financial Statements.

f) the Reformatted Consolidated Financial Statements conform to the requirements of Schedule III of the Companies Act, 2013; and

g) in the preparation and presentation of Reformatted Consolidated 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.

5. We have issued an unmodified audit opinion vide our report dated 17th August, 2019 on the Consolidated Ind AS Financial Statements of the Company as at and for the year ended March 31, 2019. Our audit of these Ind AS financial statements were conducted in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended.

6. Based on our examination of financial information specified in para 3 above, we state that in our opinion, the financial information so specified above, have been prepared in accordance with Section 26 of the SEBI Act and the Regulations amended from time to time.

7. We have not audited any financial statements of the Company as of any date or for any period subsequent to March, 31, 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 March 31, 2019.

8. 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 nor should this be construed as a new opinion on any of the financial statements referred to herein.

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

10. This report is intended solely for your information and for inclusion in the Offer Document prepared in connection with the proposed public issue of debt securities of the Muthoot Fincorp Limited and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For ***Rangamani & Co.***
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
Membership No. 020566

UDIN – 19020566AAAADS4598

Place: Alleppey
Date: 17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE I: REFORMATTED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Rs. In Lakhs

Particulars	Sch.No.	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES					
Share Holder's Funds:					
Share Capital	1	19,370.56	19,370.56	18,656.27	18,656.27
Reserves And Surplus	2	1,92,832.75	1,56,630.33	1,22,685.22	1,13,611.35
Minority Interest		18,815.43	4,336.04	1,920.16	1,621.88
Share Application money pending allotment		-	-	-	-
Non Current Liabilities					
Long Term Borrowings	3	4,60,245.70	4,55,672.68	4,20,520.83	3,14,336.74
Deferred Tax Liabilities(Net)	4	-	-	-	1,434.45
Other Long Term Liabilities	5	-	158.03	122.99	-
Long Term Provisions	6	1,207.11	1,147.30	806.17	308.57
Current Liabilities					
Short Term Borrowings	7	7,68,754.35	6,57,741.43	4,80,015.57	5,27,890.98
Trade Payables	8				
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		925.32	1,272.11	2,590.53	684.72
Other Current Liabilities	9	2,66,193.40	2,20,645.46	1,63,944.62	1,07,886.89
Short Term Provisions	10	30,052.92	20,618.10	21,615.31	11,910.53
TOTAL		**17,58,397.54**	**15,37,592.04**	**12,32,877.67**	**10,98,342.38**
ASSETS					
Non Current assets					
Fixed Assets					
Tangible Assets	11	54,202.45	57,529.32	51,612.74	55,407.23
Intangible Assets	11	1,871.95	905.71	235.05	89.35
Capital Work in Progress		-	58.65	-	-
Intangible Assets under Development		71.75	629.01	757.78	680.68
Non Current Investments	12	5,881.43	9,134.73	1,431.65	773.14
Deferred Tax Assets (net)	4	1,862.57	603.50	746.09	-
Long Term Loans and Advances	13	1,43,315.36	1,06,330.65	91,025.52	78,520.69
Inventories	14	30,031.41	30,012.93	21,589.02	-
Other Non Current Assets	15	14,219.68	14,655.43	11,728.72	9,250.54
Current Assets					
Current Investments	16	1,678.56	1,433.31	1,584.80	73.48
Trade Receivables	17	3,466.11	2,193.35	2,047.79	1,296.22
Cash and Cash Equivalents	18	95,323.09	76,809.99	54,827.42	45,294.32
Short Term Loans and Advances	19	13,27,916.15	11,60,391.91	9,30,146.34	8,38,328.18
Other Current Assets	20	78,557.03	76,903.55	65,144.75	68,628.56
TOTAL		**17,58,397.54**	**15,37,592.04**	**12,32,877.67**	**10,98,342.38**

See accompanying notes to the Financial Statements

As per our report dtd 17/08/2019

For and on behalf of Board of Directors

For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

Thomas John Muthoot
Managing Director

R. Sreenivasan
Partner, M.No. 020566

Thiruvananthapuram
17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE II: REFORMATTED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

Rs. In Lakhs

Particulars	**Sch.No.**	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
INCOME					
Revenue from Operations	21	2,59,773.08	2,23,861.57	2,12,317.02	1,96,320.64
Other Income	22	12,451.64	16,829.51	6,925.58	11,916.35
Total Revenue		**2,72,224.72**	**2,40,691.08**	**2,19,242.60**	**2,08,236.99**
EXPENSES					
Employee Benefits Expense	23	51,846.36	45,817.99	38,690.68	35,371.98
Finance Cost	24	1,35,229.98	1,22,027.25	1,16,309.28	1,16,191.02
Depreciation and Amortization Expense		7,507.67	8,015.49	7,935.52	8,227.65
Other Expenses	25	45,172.18	41,290.58	41,648.77	35,424.03
Total Expenses		**2,39,756.19**	**2,17,151.31**	**2,04,584.25**	**1,95,214.68**
Profit Before Exceptional and Extra Ordinary Items and Tax		**32,468.53**	**23,539.77**	**14,658.35**	**13,022.31**
Exceptional Items		-	-	-	-
Profit Before Extra Ordinary Items and Tax		**32,468.53**	**23,539.77**	**14,658.35**	**13,022.31**
Extra Ordinary Items		-	-	-	-
Profit Before Tax		**32,468.53**	**23,539.77**	**14,658.35**	**13,022.31**
Tax Expenses:					
Current Tax		9,910.77	7,601.54	7,519.20	2,704.80
Deferred Tax		(1,259.06)	142.58	(2,178.45)	2,274.91
Profit for the Period from Continuing Operations		**23,816.82**	**15,795.65**	**9,317.60**	**8,042.60**
Profit/(Loss) from Discontinuing Operations		-	-	-	-
Tax Expense of Discontinuing Operation		-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)		-	-	-	-
Profit after Tax before Minority Interests		**23,816.82**	**15,795.65**	**9,317.60**	**8,042.60**
Less: Profits attributable to Minority Interests		(2,397.37)	(686.29)	(243.73)	(115.92)
Profit for the year		**21,419.45**	**15,109.36**	**9,073.87**	**7,926.68**
Earnings per Equity Share (in Rs.)					
i. Basic		11.06	8.10	4.86	4.25
ii. Diluted		11.06	8.10	4.86	4.25

See accompanying notes to the Financial Statements

As per our report dtd 17/08/2019

For and on behalf of Board of Directors

For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

Thomas John Muthoot
Managing Director

R. Sreenivasan
Partner, M.No. 020566

Thiruvananthapuram
17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE III: REFORMATTED CONSOLIDATED SUMMARY CASH FLOW STATEMENT

Rs. In Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit after taxation and extraordinary items	23,816.82	15,795.65	9,317.60	8,042.60
Non cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation & Amortization	7,507.67	8,015.49	7,935.52	175.96
Provisions & write-off's	16,596.05	19,192.93	11,185.45	6,851.70
Dividend / Interest received	(18.77)	(15.90)	(11.96)	(8.67)
Interest Paid	246.61	-	-	-
Profit/(loss) on sale of fixed assets	57.81	1.29	-	(47.92)
Assets written off	-	-	258.69	-
Unrealised gain on Loan transfer transactions	(158.03)	-	-	-
Net gain on sale of current investments	(2,010.17)	(1,504.12)	(332.92)	(814.76)
Operating profit before working capital changes	**46,037.99**	**41,485.34**	**28,352.38**	**14,198.91**
Movement in Working Capital				
(Increase) / decrease in short term loans and advances	(1,68,302.55)	(2,36,045.91)	(1,03,060.82)	(33,602.23)
(Increase) / decrease in long term loans and advances	(36,984.71)	(15,422.75)	(14,983.01)	(8,908.72)
(Increase) / decrease in other current assets	12,586.17	(18,563.74)	(8,397.67)	23,139.64
Increase / (decrease) in provisions	(10,226.95)	(5,591.06)	1,186.75	-
Increase / (decrease) in other current liabilities	45,201.15	54,634.79	52,639.75	14,447.31
Cash generated from Operation	**(1,11,688.90)**	**(1,79,503.33)**	**(44,262.62)**	**9,274.91**
Direct taxes paid (net of refund)	(15,095.14)	(12,141.02)	(3,566.82)	(5,347.99)
NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES (A)	**(1,26,784.04)**	**(1,91,644.35)**	**(47,829.44)**	**3,926.92**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed and tangible assets	(4,882.13)	(14,533.90)	(4,622.53)	(2,511.10)
Purchase / Sale of investments	3,008.04	(6,047.46)	(2,169.84)	915.78
Investment in subsidiary company		-		
Sale of fixed assets	104.39	-		42.61
Interest received on investments & fixed deposits		-	-	814.75
Profit/Loss on sale of fixed assets/investments	1,952.37	-	332.92	-
Dividend received	18.77	15.90	11.96	8.67
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES (B)	**201.44**	**(20,565.46)**	**(6,447.49)**	**(729.29)**
CASH FLOW FROM FINANCING ACTIVITIES				
(Increase) / decrease of short term borrowings	1,11,012.92	1,77,725.86	(10,051.60)	(72,800.46)
(Increase) / decrease of long term borrowings	4,573.02	35,186.89	73,807.08	80,057.55
Proceeds from Issue of Share Capital	31,194.02	21,279.63	54.55	-
Interest Paid	-	-	-	-
Dividend and Dividend tax paid	(1,684.26)	-	-	-
NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES (C)	**1,45,095.70**	**2,34,192.38**	**63,810.03**	**7,257.09**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**18,513.10**	**21,982.57**	**9,533.10**	**10,454.72**
Cash and cash equivalents at the beginning of the year	**76,809.99**	**54,827.42**	**45,294.32**	**34,839.60**
Cash and cash equivalents at the end of the year	**95,323.09**	**76,809.99**	**54,827.42**	**45,294.32**

See accompanying notes to the Financial Statements

As per our report dtd 17/08/2019
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

For and on behalf of Board of Directors

Thomas John Muthoot
Managing Director

R. Sreenivasan
Partner, M.No. 020566

Thiruvananthapuram
17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE IV: NOTES TO REFORMATTED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

1. SHARE CAPITAL *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
AUTHORISED: (20,00,00,000 equity shares of Rs.10/-)	20,000.00	20,000.00	20,000.00	20,000.00
ISSUED: (19,38,00,800 equity shares of Rs.10/- each as on 31.03.2017 & 31.03.2018 and 18,65,62,700 shares of Rs.10/- for other years)	19,380.08	19,380.08	18,656.27	18,656.27
SUBSCRIBED AND PAID-UP: (19,37,05,560 equity shares of Rs.10/- each as on 31.03.2017 & 31.03.2018 and 18,65,62,700 shares of Rs.10/- for other years)	19,370.56	19,370.56	18,656.27	18,656.27
Total	**19,370.56**	**19,370.56**	**18,656.27**	**18,656.27**

1.1 The Company has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share.

1.2 During the year 2016-17, the Company had issued 72,38,100 shares vide Right Issue and has allotted 71,42,860 shares at Rs.10/- each at a premium of Rs.200/- per share. 9,37,50,000 shares were issued to the shareholders as fully paid up bonus shares during the financial year 2011 - 2012.

1.3 The Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date

1.4 Details of shareholders holding more than 5% Shares:

Name of the Shareholder	No. of Shares Held as at			
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Mr. Thomas John Muthoot	5,08,43,764	5,08,43,764	4,91,66,411	4,91,66,416
Mr. Thomas George Muthoot	5,08,43,764	5,08,43,764	4,91,66,411	4,91,66,416
Mr. Thomas Muthoot	5,08,43,769	5,08,43,769	4,91,66,416	4,91,66,416
Ms. Preethi John Muthoot	1,35,25,989	1,35,25,989	1,30,20,818	1,30,20,818
Ms. Nina George	1,35,25,961	1,35,25,961	1,30,20,791	1,30,20,817
Ms. Remy Thomas	1,35,25,988	1,35,25,988	1,30,20,817	1,30,20,817

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Name of the Shareholder	Percentage Holding as at			
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Mr. Thomas John Muthoot	26.25%	26.25%	26.35%	26.35%
Mr. Thomas George Muthoot	26.25%	26.25%	26.35%	26.35%
Mr. Thomas Muthoot	26.25%	26.25%	26.35%	26.35%
Ms. Preethi John Muthoot	6.98%	6.98%	6.98%	6.98%
Ms. Nina George	6.98%	6.98%	6.98%	6.98%
Ms. Remy Thomas	6.98%	6.98%	6.98%	6.98%

2. RESERVES & SURPLUS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Securities Premium Reserve	71,511.78	42,679.89	23,844.13	23,844.13
Statutory Reserve	37,032.58	32,110.05	28,946.88	27,009.84
Special Contingency Reserve	8,882.93	8,882.93	8,882.93	8,882.93
Debenture Redemption Reserve	4,279.68	11,908.83	17,527.33	11,028.91
Profit & Loss Account	71,125.78	61,048.63	43,483.95	42,845.54
Total	**1,92,832.75**	**1,56,630.33**	**1,22,685.22**	**1,13,611.35**

2.1 Muthoot Fincorp Limited and Muthoot Microfin Limited have appropriated 20% of their Profit after Tax as Statutory Reserve as stipulated in Reserve Bank of India Regulations. Muthoot Housing Finance Company Limited has also appropriated Statutory Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961, read with Section 29C of the National Housing Bank Act, 1987.

2.2 The Holding Company has maintained a Debenture Redemption Reserve of 25% of the total value of Debentures and Subordinated Debt outstanding as at the respective year end, which were issued through public issue, as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014.

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2.3 Reconciliation of figures as at beginning and close of the reporting *(Rs in Lakhs)*

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Securities Premium Reserve				
Balance as per last balance sheet	42,679.89	23,844.13	23,844.13	23,844.13
Additions during the year	28,853.65	19,556.13	-	-
Utilisation towards share issue expenses	(21.76)	(720.37)	-	-
Closing balance	**71,511.78**	**42,679.89**	**23,844.13**	**23,844.13**
Statutory Reserve				
Balance as per last balance sheet	32,110.05	28,946.88	27,009.84	25,334.42
Additions during the year	4,922.53	3,163.17	1,937.04	1,675.42
Closing balance	**37,032.58**	**32,110.05**	**28,946.88**	**27,009.84**
Special Contingency Reserve				
Balance as per last balance sheet	8,882.93	8,882.93	8,882.93	8,882.93
Additions during the year	-	-	-	-
Closing balance	**8,882.93**	**8,882.93**	**8,882.93**	**8,882.93**
Debenture Redemption Reserve				
Balance as per last balance sheet	11,908.83	17,527.33	11,028.91	-
Addition / write back during the year	(7,629.15)	(5,618.50)	6,498.42	11,028.91
Closing balance	**4,279.68**	**11,908.83**	**17,527.33**	**11,028.91**
Surplus				
Balance as per last balance sheet	61,048.63	43,483.95	42,845.54	47,396.65
Profit for the year	23,816.82	15,795.65	9,317.60	8,042.60
Less: Appropriation / (Write Back):				
Statutory Reserve	4,922.53	3,163.17	1,937.04	1,675.42
Special Contingency Reserve	-			
Debenture Redemption Reserve	(7,629.15)	(5,618.50)	6,498.42	11,028.91
Deferred Tax Liability on Special Reserve	-	-	-	7.96
Income Tax – Prior Years	2,623.00	-	-	-
Dividend & Dividend Tax Paid	1,684.26	0.01	-	-
Less: Transfer to Minority Interest	12,139.03	686.29	243.73	(118.58)
Closing balance	**71,125.78**	**61,048.63**	**43,483.95**	**42,845.54**

2.4 As the Income Tax law provides for subsequent claim of the expenditure in the year in which TDS is remitted, interest expense pertaining to prior years totalling to Rs.7,579.20 lakhs has been claimed as deduction while computing the Total Income as per Income Tax Rules for Financial Year 2017-18, by the Holding Company. This in turn, has resulted in a lower Current Tax provision in the current year, as compared to the previous year in spite of increased profits in the current year.

The tax effect of Rs.2,623 lakhs due to disallowance of interest expense of prior years, on account of non-deduction of tax at source on interest paid by the company on debt instruments has been appropriated against Surplus as the same pertains to previous periods, and not to the current year.

3. LONG TERM BORROWINGS *(Rs in Lakhs)*

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Secured				
Secured Debentures	32,496.18	64,837.55	90,006.30	94,601.78
Term Loan From Banks	1,57,368.90	1,17,861.04	79,865.06	35,101.05
Term Loan From Others	9,866.98	13,252.86	9,150.14	3,020.04
Subordinate Debt	2,01,972.97	2,06,376.87	1,83,629.55	1,40,106.31
Perpetual Debt Instrument	26,400.00	14,400.00	14,400.00	14,400.00
Inter Corporate Deposit	-	-	50.00	50.00
Loan From Directors	400.09	400.09	435.60	-
Interest Payable	31,740.58	38,544.27	42,984.18	27,057.56
Total	**4,60,245.70**	**4,55,672.68**	**4,20,520.83**	**3,14,336.74**

3.1 Borrowings are grouped into current and non-current based on maturity profile. The principal portion of repayments which fall due on or before the respective year ends, are categorised as Other Current Liabilities. Interest accrued, and falling due on or before the respective year ends have also been categorised under Other Current Liability.

3.2 Secured Debentures includes non-convertible debentures issued by way of Public Issue as well as Private Placement. Privately placed secured debentures are secured by a charge on receivables, both present and future. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property.

The maturity pattern of Secured Debentures in the descending order of maturity as on March 31, 2018 are as follows (includes Current portion also):

Financial year of maturity	Amount (in lakhs)
2022-23	500.00
2021-22	14,500.00
2020-21	718.86
2019-20	9,277.32
2018-19	60,585.54
Total	**85,581.72**

3.3 Term loans availed are secured by first / pari-passu charges on the respective Fixed Assets / Current Assets. Terms of repayments of term loans based on last outstanding, is as follows:

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
South Indian Bank (Secured against Immovable Property & repayable in monthly instalments of 3.55 lakhs & last instalment of Rs.0.15 lakhs)	283.00	325.60	368.20	410.80
ICICI Bank (Secured against Vehicle & repayable in 14 monthly instalments on diminishing value method)	12.65	22.52	31.58	39.56
State Bank of India (Secured against Vehicle & repayable in 63 monthly instalments on diminishing value method)	25.72	29.53	-	-
State Bank of India (Secured against Vehicle & repayable in 72 monthly instalments on diminishing value method)	10.73	12.00	-	-
Yes Bank (Secured against Equitable mortgage of Collateral property & subservient pari passu charge on Gold Loan receivables & repayable in instalments of 1.67% of loan amount in quarters 3-8 from the date of disbursement, 4.5% in quarters 9-27 & 4.48% in the 28th quarter from disbursement)	5,000.00	-	-	-
Lakshmi Vilas Bank (Secured against Bank counters & fixtures and Furniture & Fittings and repayable in 8 equal quarterly instalments from February 2019)	10,000.00	-	-	-

Oriental Bank of Commerce (Secured against Loan Receivables & other current assets and repayable in 6 quarterly instalments of Rs.1,666.67 lakhs each from September 2018)	10,000.00	-	-	-
Punjab & Sind (Secured against Loan Receivables & other current assets and repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018)	10,000.00	10,000.00	2,500.00	-
Punjab & Sind (Secured against Loan Receivables & other current assets and repayable in 10 quarterly instalments of Rs.1,000.00 lakhs each from October 2018)	10,000.00	-	-	-
Syndicate Bank (Secured against Loan Receivables & other current assets and repayable in 2 quarterly instalments of Rs.4,166.67 lakhs)	8,428.27	25,227.19	25,232.50	-
Syndicate Bank (Secured against Loan Receivables & other current assets and repayable in 10 quarterly instalments of Rs.2,000.00 lakhs each from October 2018)	20,155.42	-	-	-
United Bank of India (Secured against Loan Receivables & other current assets and repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018)	10,000.00	10,000.00	-	-
United Bank of India (Secured against Loan Receivables & other current assets and repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2019)	10,000.00	10,000.00	-	-
Corporation Bank (Secured against Loan Receivables & other current assets and repayable in 2 quarterly instalments of Rs.2,500.00 lakhs each from June 2017)	-	5,000.00	10,091.30	-
State Bank Of India (Secured against Branch Fixed Assets & repayable in 12 monthly instalments of Rs.145 lakhs & Last Instalment of Rs.144.98 lakhs)	-	146.52	1,905.87	3,667.31
State Bank Of India (Secured against Branch Fixed Assets & repayable in 25 monthly instalments of Rs.288.33 Lakhs & last Instalment Rs.0.15 lakhs)	-	3,788.23	7,288.29	10,792.94

HDFC (Secured against immovable property and repayable in monthly installments on diminishing basis)	-	14.56	27.77	39.36
IDBI (Secured against windmills and repayable in two monthly installments)	-	-	-	47.00
Punjab National Bank (Secured against Branch Fixed Assets and repayable in 14 monthly instalments of Rs.83.33 lakhs & last instalment of Rs.0.20 lakhs)	-	-	-	1,181.39
South Indian Bank (Secured against Windmills & repayable in 35 monthly instalments of Rs.23.64 lakhs & last instalment of Rs.13.86 lakhs)	-	-	-	851.28
South Indian Bank (Secured against Building space & repayable in 9 monthly instalments of Rs.23.33 lakhs & last instalment of Rs.8.18 lakhs)	-	-	-	218.15
Corporation Bank (Repayable in 84 monthly instalments after 1 month from the disbursement)	929.00	1,214.60	1,499.72	1,785.80
Dhanlaxmi Bank **(**Repayable in 25 quarterly instalments after 9 months from the disbursement)	1,536.00	2,168.00	2,808.00	3,448.00
Hinduja Leyland Finance Ltd. (Repayable in 60 monthly instalments after 1 month from the disbursement)	786.27	1,201.31	1,565.98	1,886.68
ICICI Bank Ltd. (Repayable in 28 quarterly instalments after 12 months from the disbursement)	1,696.43	2,053.57	2,410.71	2,500.00
IDBI Bank (Repayable in 78 monthly instalments after 6 months from the disbursement)	979.00	1,447.00	1,915.00	1,383.00
IDBI Bank (Repayable in 26 quarterly instalments after 6 months from the disbursement)	576.96	807.72	1,038.48	1,269.24
IDBI Bank (Repayable in 58 quarterly instalments after 6 months from the disbursement)	1,086.24	1,189.68	1,293.12	1,396.56
IFMR Capital Finance Pvt. Ltd. (Repayable in 48 EMI)	-	762.83	1,425.72	1,999.43

IFMR Capital Finance Pvt. Ltd. (Repayable in 72 EMI)	-	1,332.34	981.58	-
Lakshmi Vilas Bank (Repayable in 120 monthly instalments after 12 months from the disbursement)	1,895.83	2,145.83	2,395.83	2,500.00
South Indian Bank (Repayable in 84 monthly instalments after 12 months from the disbursement)	5,597.42	7,097.53	8,597.79	8,112.25
Vijaya Bank (Repayable in 20 quarterly instalments after 12 months from the disbursement)	1,249.46	1,749.75	2,249.85	2,500.00
Vijaya Bank (Repayable in 20 quarterly instalments after 12 months from the disbursement)	2,222.09	2,500.00	-	-
Vijaya Bank (Repayable in 36 quarterly instalments after 12 months from the disbursement)	2,424.53	2,500.00	1,500.00	-
Yes Bank Ltd. (Repayable in 163 monthly instalments after 6 months from the disbursement)	4,063.72	4,395.06	3,263.50	3,834.34
Andhra Bank (Repayable in 25 quarterly instalments after 9 months from the disbursement)	1,698.42	2,100.00	1,900.00	-
Andhra Bank (Repayable in 36 equal quarterly instalments from 15th month of disbursement)	4,300.00	-	-	-
State Bank of India (Repayable in 27 quarterly instalments after 6 months from the disbursement)	4,099.58	4,899.71	1,500.00	-
State Bank of India (Repayable in 36 quarterly instalments after 4 months from the disbursement)	1,000.00	-	-	-
Punjab National Bank (Repayable in 36 equal quarterly instalments after 6 months from the disbursement)	4,305.28	4,860.97	-	-
Canara Bank (Repayable in 108 monthly instalments after 13 months from the disbursement)	4,951.85	1,500.00	-	-
National Housing Bank (Repayable in 39 quarterly instalments after quarter succeeding from the disbursement)	200.69	-	-	-

National Housing Bank (Repayable in 47 quarterly instalments after quarter succeeding from the disbursement)	642.53	-	-	-
National Housing Bank (Repayable in 59 quarterly instalments after quarter succeeding from the disbursement)	1,000.00	-	-	-
Union Bank of India (Repayable in 26 equal quarterly instalments after 6 months from the disbursement)	4,807.33	-	-	-
Karur Vysya Bank (Repayable in 36 equal quarterly instalments after 12 months from the disbursement)	2,500.00	-	-	-
Syndicate Bank (Repayable in 36 equal quarterly instalments after 15 months from the disbursement)	2,500.00	-	-	-
AU Small Finance Bank Ltd (Repayable in 20 quarterly instalments after 1 month from the date of full disbursement)	1,000.00	-	-	-
United Bank of India (Repayable in 20 quarterly instalments after 1 month from the date of full disbursement)	2,500.00	-	-	-
IFMR Capital Finance Private Limited (Repayable in April 2022)	2,500.00	2,500.00	-	-
Axis Bank (Repayable in 8 quarterly instalments commencing from June 2016)	-	1,000.00	2,000.00	-
Abu Dhabi Commercial Bank (Repayable in 21 instalments commencing from December 2017)	2,083.33	-	-	-
Bank of India (Repayable in 36 instalments commencing from October 2017)	2,086.00	-	-	-
IDBI Bank (Repayable in 21 instalments commencing from May 2016)	-	2,023.81	4,000.00	-
IDBI Bank (Repayable in 21 instalments commencing from October 2017)	3,571.43	-	1,500.00	-
Lakshmi Vilas Bank (Repayable in 36 instalments commencing from June 2016)	583.33	1,123.39	-	-
State Bank of India (Repayable in 24 instalments commencing from Jan 2016)	-	883.00	3,387.25	-

Lakshmi Vilas Bank (Repayable in 36 instalments commencing from September 2017)	4,027.78	5,000.00	-	-
Lakshmi Vilas Bank (Repayable in 36 instalments commencing from April 2018)	10,000.00	-	-	-
Union Bank of India (Repayable in 36 instalments commencing from September 2017)	3,194.44	4,861.11	-	-
Union Bank of India (Repayable in 30 instalments commencing from September 2017)	5,750.00	7,212.00	-	-
Vijaya Bank (Repayable in 30 quarterly instalments commencing from January 2017)	2,500.00	4,500.00	-	-
Vijaya Bank (Repayable in 30 quarterly instalments commencing from October 2017)	4,000.00	5,000.00	-	-
Axis Bank (Repayable in 7 quarterly instalments commencing from March 2018)	4,285.71	-	-	-
Catholic Syrian Bank (Repayable in 46 instalments commencing from February 2016)	744.79	1,142.75	1,487.58	-
Catholic Syrian Bank (Repayable in 30 instalments commencing from September 2016)	639.08	1,267.78	1,521.44	-
Lakshmi Vilas Bank (Repayable in 24 instalments commencing from October 2016)	-	499.96	-	-
Dhanalakshmi Bank (Repayable in 27 instalments commencing from April 2016)	611.04	1,277.76	1,000.00	-
Federal Bank (Repayable in 33 instalments commencing from April 2016)	272.73	636.36	1,000.00	-
Federal Bank (Repayable in 33 instalments commencing from July 2016)	181.82	363.64	500.00	-
HDFC Bank (Repayable in 15 instalments commencing from July 2016)	-	400.00	1,000.00	-
State Bank of India (Repayable in 24 instalments commencing from January 2018)	9,200.00	-	-	-
State Bank of Travancore (Repayable in 10 quarterly instalments commencing from July 2016)	900.00	2,100.00	3,000.00	-

Andhra Bank (Repayable in 33 instalments commencing from April 2018)	5,000.00	-	-	-
Bandhan Bank (Repayable in 7 quarterly instalments commencing from September 2017)	1,571.43	2,500.00	-	-
YES Bank (Repayable in 24 instalments commencing from July 2016)	312.50	1,562.50	-	-
YES Bank (Repayable in 24 instalments commencing from April 2018)	7,800.00	-	-	-
DCB Bank (Repayable in 22 instalments commencing from February 2017)	545.46	1,363.64	-	-
IDFC Bank (Repayable in 21 instalments commencing from November 2017)	5,071.43	-	-	-
Bandhan Bank (Repayable in 4 quarterly instalments commencing from April 2018)	5,000.00	-	-	-
YES Bank (Repayable in 24 instalments commencing from October 2017)	1,875.00	-	-	-
IndusInd Bank (Repayable in 22 instalments commencing from April 2017)	227.27	500.00	-	-
IndusInd Bank (Repayable in 22 instalments commencing from June 2017)	1,363.64	2,500.00	-	-
IndusInd Bank (Repayable in 22 instalments commencing from June 2017)	1,090.91	2,000.00	-	-
Bank of Maharashtra (Repayable in 7 quarterly instalments commencing from April 2016)	-	1,450.00	2,500.00	-
Federal Bank (Repayable in 60 instalments commencing from July 2016)	4.28	5.37	-	-
IndusInd Bank (Repayable in 22 instalments commencing from March 2018)	9,545.48	-	-	-
Hero Fincorp (Repayable in 34 instalments commencing from February 2017)	1,575.90	2,376.05	-	-
Hero Fincorp (Repayable in 33 instalments commencing from July 2018)	2,500.00	-	-	-
Mahindra Finance (Repayable in 36 instalments commencing from November 2016)	1,428.09	2,202.95	-	-
Mahindra Finance (Repayable in 36 instalments commencing from February 2017)	1,630.38	2,382.91	-	-

Mahindra Finance (Repayable in 24 instalments commencing from January 2018)	4,434.46	-	-	-
Syndicate Bank (Repayable in 10 quarterly instalments commencing from October 2017)	4,000.00	5,000.00	-	-
TATA Capital (Repayable in 30 instalments commencing from April 2017)	650.00	1,250.00	-	-
Kotak (Repayable in 24 instalments commencing from March 2018)	2,875.00	-	-	-
Shinhan Bank (Repayable in 24 instalments commencing from March 2018)	2,395.83	-	-	-
NABARD Financial Services (Repayable in 8 quarterly instalments commencing from April 2017)	500.00	1,000.00	-	-
Nabkisan Finance Limited (Repayable in 11 quarterly instalments commencing from January 2018)	1,818.18	-	-	-
Oriental Bank of Commerce (Repayable in 30 instalments commencing from September 2017)	3,833.33	3,000.00	-	-
United Bank (Repayable in 11 quarterly instalments commencing from December 2016)	460.00	910.00	-	-
SBM (Mauritius) Bank (Repayable in 12 quarterly instalments commencing from December 2017)	1,666.67	2,000.00	-	-
South Indian Bank Limited (Repayable in 33 instalments commencing from December 2015)	189.36	643.92	1,098.48	-
South Indian Bank Limited (Repayable in 33 instalments commencing from February 2016)	265.12	719.68	1,174.24	-
Tamilnadu Mercantile Bank (Repayable in 36 instalments commencing from June 2016)	388.89	722.22	-	-
Union Bank of India (Repayable in 36 instalments commencing from April 2016)	764.00	1,597.28	2,500.00	-
Union Bank of India (Repayable in 36 instalments commencing from April 2016)	1,055.56	1,722.22	-	-
SIDBI (Repayable in 30 instalments commencing from October 2017)	4,004.00	5,000.00	-	-

United Bank (Repayable in 10 quarterly instalments commencing from August 2018)	2,500.00	-	-	-
Vijaya Bank (Repayable in 24 instalments commencing from January 2016)	-	937.50	2,187.47	-
Capital First (Repayable in 8 quarterly instalments commencing from February 2017)	1,875.00	4,375.00	5,000.00	-
Reliance Capital (Repayable in 18 instalments commencing from October 2015)	1,070.87	2,510.70	1,725.35	-
Reliance Capital (Repayable in 18 instalments commencing from November 2015)	-	153.36	1,858.32	-
Woori Bank (Repayable in 36 instalments commencing from January 2018)	3,666.67	-	-	-
IFMR Capital Ltd (Repayable in 36 instalments commencing from September 2015)	66.17	209.57	2,843.56	-
IFMR Capital Finance Private Limited (Repayable in 10 instalments commencing from April 2017)	-	246.72	-	-
Syndicate Bank (Repayable in 10 quarterly instalments commencing from June 2018)	5,000.00	-	-	-
TOTAL	**3,01,616.78**	**2,03,125.20**	**1,25,074.48**	**49,863.09**

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3.4 Subordinate Debt instruments are unsecured, subordinated to the claims of other creditors with an initial maturity of over 5 years.

The maturity pattern of Subordinated Debt in the descending order of maturity as on March 31, 2018 are as follows (includes Current portion also):

Financial year of maturity	Amount in Lakhs
2025-26	9,185.43
2024-25	833.08
2023-24	19,182.38
2022-23	42,859.16
2021-22	58,478.78
2020-21	33,306.86
2019-20	38,127.28
2018-19	38,875.80
Total	**2,40,848.77**

3.5 Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. The Holding Company has during FY2017-18, issued Perpetual Debt Instruments for Rs.12,000 lakhs.

3.6 Inter-Corporate Deposit is unsecured & non-current in nature.

3.7 Loan from Directors are unsecured in nature. The rate of interest charged by the Directors for the loan is 12%.

4. DEFERRED TAX LIABILITY / (ASSET)

(Rs in Lakhs)

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Opening balance	**(603.50)**	**(746.09)**	**1,434.45**	**(848.42)**
Timing difference in depreciation	(513.66)	(587.98)	(673.60)	2,399.13
Timing difference in provision for NPA	(403.23)	747.48	(1,361.22)	(21.03)
Timing difference in provision for Employee Benefits	(328.15)	(46.30)	(18.68)	(125.34)
Timing difference for Preliminary Expenses	-	0.02	0.02	0.01
Timing difference in provision for Investment Rate Fluctuation	(95.69)	38.21	(60.98)	-
Timing difference on Provision for Diminution of Assets Acquired	8.94	(26.86)	(1.37)	-
Timing difference on Provision for Other Receivable	0.82	(0.45)	(6.42)	-
Timing difference on Unabsorbed Losses	(27.04)	(6.96)	(29.14)	(7.01)
Deferred Tax Liability on Special Reserve	104.05	25.43	-	7.96
Timing difference in provision for Disallowance under section 43B	(5.11)	-	-	-
Timing difference on Unamortized Processing Fee	-	-	(29.15)	29.15
Net deferred tax liability	**(1,259.07)**	**142.59**	**(2,180.54)**	**2,282.87**
TOTAL	**(1,862.57)**	**(603.50)**	**(746.09)**	**1,434.45**

5. OTHER LONG TERM LIABILITIES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Other Long Term Liabilities	-	158.03	122.99	-
Total	**-**	**158.03**	**122.99**	**-**

6. LONG TERM PROVISIONS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Provision For Gratuity	62.72	40.92	51.42	8.58
Provision For Leave Encashment	76.94	36.30	23.21	-
Provision Against Loan Portfolio	1,067.45	1,070.08	731.54	299.99
Total	**1,207.11**	**1,147.30**	**806.17**	**308.57**

7. SHORT TERM BORROWINGS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Secured				
Working Capital Loans	7,68,754.35	6,57,741.43	4,80,015.57	5,27,890.98
Unsecured				
Loan From Directors	-	-	-	-
Total	**7,68,754.35**	**6,57,741.43**	**4,80,015.57**	**5,27,890.98**

7.1 Working Capital Loans are fully secured against Loan Receivables and other current assets both present and future.

8. TRADE PAYABLES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Sundry Creditors				
(A) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	925.32	1,272.11	2,590.53	684.72
Total	**925.32**	**1,272.11**	**2,590.53**	**684.72**

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9. OTHER CURRENT LIABILITIES *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Current Maturities Of Long Term Debt				
Secured Debentures	53,085.54	86,371.85	1,01,059.34	79,357.59
Term Loans From Banks & Others	1,34,380.90	72,011.30	36,059.30	11,742.01
Subordinated Debt	38,875.80	22,003.61	8,500.00	-
Interest Payable	22,463.35	20,785.69	10,679.18	8,720.71
Expenses Payable	2,849.52	1,287.56	2,292.96	1,881.62
Taxes And Duties Payable	1,382.91	1,711.83	1,277.30	4,085.16
Securitization / Assignment Payable	4,024.38	7,008.99	1,328.47	-
Unrealized Gain On Loan Transfer Transactions	646.98	3,578.20	1,065.85	-
Income Received In Advance	20.65	24.47	11.15	-
Unpaid Matured Debentures & Interest Thereon	220.32	152.10	59.23	41.06
Other Current Liabilities	8,243.05	5,709.86	1,611.84	2,058.74
Total	**2,66,193.40**	**2,20,645.46**	**1,63,944.62**	**1,07,886.89**

10. SHORT TERM PROVISIONS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Provision For Taxation	15,485.08	10,405.59	8,441.31	3,043.42
Provision For NPA	7,747.43	4,635.39	7,916.53	4,635.67
Provision For Standard Assets	4,522.25	4,197.90	3,645.92	2,764.86
Provision For Investment Rate Fluctuation	358.95	82.46	192.87	16.65
Provision For Gratuity	1,610.29	947.29	1,060.13	1,259.85
Provision For Earned Leave Encashment	327.43	348.30	357.26	188.85
Provision-Others	1.49	1.17	1.29	1.23
Total	**30,052.92**	**20,618.10**	**21,615.31**	**11,910.53**

12. NON CURRENT INVESTMENTS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Quoted - At Cost				
Bhavishya Nirman Bond (NABARD)	-	4.99	4.99	4.99
Motilal Oswal Securities Ltd-PMS	496.27	-	197.92	-
HDFC-Asset Management Co. Ltd	-	-	-	87.90
Geojith PMS	-	-	498.66	-
Equity Intelligence PMS	-	-	208.49	-
Unquoted Investments				
In Equity & Preference Capital				
Muthoot Pappachan Chits India (P) Ltd	8.00	8.00	8.00	8.00
Avenues India Private Limited	400.00	-	-	-
Fair Asset Technologies (P) Ltd	450.07	-	-	-

In Debt Instruments, Funds & Bonds				
Edelweiss Asset Reconstruction Co Ltd	421.74	421.74	513.59	672.25
Investment In Unlisted Debentures	2,195.35	7,400.00	-	-
Investment In Debt Fund	1,000.00	1,000.00	-	-
Investment In Bonds	300.00	300.00	-	-
Investment In Bpea India Credit - Trust II	610.00	-	-	-
Total	**5,881.43**	**9,134.73**	**1,431.65**	**773.14**

13. LONG TERM LOANS & ADVANCES *(Rs in Lakhs)*

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Secured				
Secured Loans Considered Good	78,947.19	70,681.89	50,357.38	40,532.90
Secured Loans Considered Doubtful	2,861.39	1,855.69	1,451.79	924.38
Unsecured				
Unsecured Loans Considered Good	59,915.61	33,456.58	39,112.64	36,993.29
Unsecured Loans Considered Doubtful	-	-	5.49	-
Other Advances Considered Good	1,591.17	336.49	98.22	70.12
Total	**1,43,315.36**	**1,06,330.65**	**91,025.52**	**78,520.69**

13.1 Other Advances Considered Good contains MAT Credit Entitlement of Rs.43.49 lakhs, 41.39 lakhs & 10.80 lakhs pertaining to FY2014-15, 2015-16 & 2016-17 respectively. The said recognition is based on future performance, as projected by the management of Muthoot Housing Finance Company Limited, based on the existing contractual agreements, which have been relied upon by the auditors.

13.2 Long Term Loans & Advances include loans advanced to entities in which the Directors are interested, the oustanding of which as on March 31, 2018 & March 31, 2017 are Rs.86.89 lakhs and Rs.100 lakhs respectively.

14. INVENTORIES *(Rs in Lakhs)*

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Inventory - Projects	30,031.41	30,012.93	21,589.02	-
Total	**30,031.41**	**30,012.93**	**21,589.02**	**-**

14.1 The Company has acquired properties for the purpose of sale / development and sale. The said properties have been acquired with the intention of subsequent sale and hence, the same has been categorized as Inventory. As the expected gestation period of the said development projects exceed 12 months, the same has been classified as Long Term. The carrying value of Inventory includes a total of Rs.2,931.81 lakhs capitalized as Borrowing Costs.

15. OTHER NON CURRENT ASSETS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Building Deposits	8,238.56	8,352.19	8,384.82	8,373.79
Interest Retained On Securitisation	-	158.03	124.25	-
Non-Current Bank Balances	5,751.40	6,003.60	3,095.47	787.30
Capital Advances	-	-	7.93	-
Unamortised Borrowing Cost*	152.21	118.55	104.76	80.37
Other Deposits	77.51	23.06	11.49	9.08
Total	**14,219.68**	**14,655.43**	**11,728.72**	**9,250.54**

**Please refer the Accounting Policy on Borrowing Cost*

16. CURRENT INVESTMENTS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
In Equity Instruments				
In DP Account With Motilal Oswal	1,673.57	1,433.31	1,584.80	73.48
In Bonds				
Bhavishya Nirman Bond (NABARD)	4.99	-	-	-
Total	**1,678.56**	**1,433.31**	**1,584.80**	**73.48**

17. TRADE RECEIVABLES *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Unsecured, Considered Good				
More Than 180 Days	667.99	705.59	423.85	283.68
Other Debts	2,798.12	1,487.76	1,623.94	1,012.54
Total	**3,466.11**	**2,193.35**	**2,047.79**	**1,296.22**

18. CASH AND CASH EQUIVALENTS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Cash In Hand	9,706.16	11,133.63	11,023.46	11,249.51
Forex Balance	212.32	610.07	551.27	392.29
Cash At Banks In Current Account	74,016.18	24,986.87	33,562.36	26,432.21
Cash At Banks Banks In Deposit Account	11,388.43	40,079.42	9,690.33	7,220.31
Total	**95,323.09**	**76,809.99**	**54,827.42**	**45,294.32**

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19. SHORT TERM LOANS & ADVANCES *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Retail Loans Receivables				
Secured And Considered Good	10,41,739.88	9,18,204.05	6,84,789.75	6,62,148.59
Considered Doubtful	19,242.02	15,396.73	15,352.49	17,090.10
Loans Under Auction Process	-	-	28,926.10	39,385.22
Unsecured But Considered Good	1,84,007.87	1,46,791.37	1,82,724.62	1,08,416.78
Unsecured Considered Doubtful	8,669.30	1,330.93	715.21	416.81
Unsecured Advances (Receivable In Cash Or In Kind Or For Value To Be Received)				
Considered Good	74,257.08	78,668.83	17,638.17	10,870.68
Total	**13,27,916.15**	**11,60,391.91**	**9,30,146.34**	**8,38,328.18**

19.1 Microfinance loans provided by the Holding Company are within the exposure limit of 10% of total assets of the Company as prescribed by RBI guidelines.

19.2 Classification and Provisioning for Loan Assets have been done in compliance with the Prudential Norms issued by the Reserve Bank of India / National Housing Board.

19.3 As on 31.03.2018, Advances considered good includes Rs.39.60 crores of tax remitted during FY18 in connection with application filed before the Hon.

Settlement Commission, Chennai bench by the Holding Company. This was treated as Advance Tax pending settlement of the case.

17.4 The Holding Company has advanced Secured loans to its Directors Thomas John Muthoot, Thomas George Muthoot & Thomas Muthoot amounting to Rs.75 crore each in FY2014-15. The aggregate outstanding loans so advanced was Rs.22,500 lakhs as on 31/03/2015. There was no outstanding loans to the Directors for 31/03/2016 and 31/03/2017. The Holding Company has advanced Secured loans to its directors Thomas John Muthoot, Thomas George Muthoot & Thomas Muthoot amounting to Rs.6,700 lakhs, 6,600 lakhs & Rs.6,600 lakhs respectively in FY17-18 and this amount, in aggregate of Rs.19,900 lakhs is outstanding as on 31/03/2018.

17.5 Advances considered good includes the following advances made by the Holding Company for purchase of properties / shares from Directors / relatives of Directors / entites in which Directors were partners:

(Rs in Lakhs)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Advance paid for purchase of Property / Shares from:				
To Directors & Relatives	1,722.40	7,160.91	4,618.70	-
To MPG Hotels & Infrastructure Ventures (P) Ltd.	1,487.25	1,487.23	2,720.00	-
To Muthoot Estate Investments	47,504.26	53,265.50	-	-
Total	**50,713.91**	**61,913.64**	**7,338.70**	**-**

17.6 The Holding Company had acquired microfinance portfolio by way of assignment amounting to Rs. 6,624.05 lakhs from M/s. Satin Credit Care Network Ltd. in FY2015-16.

17.7 Details of Assignment transactions undertaken:

(Rs in Lakhs)

Particulars	**31.03.2018**	**31.03.2017**	**31.03.2016**	**31.03.2015**
No. of accounts (Nos)	7,19,934	5,61,868	2,70,764	61,981
Aggregate value (net of provisions) of accounts sold	1,27,696.85	52,261.37	48,296.04	8,420.99
Aggregate consideration	1,27,696.85	49,751.75	46,389.78	7,999.94
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-
Aggregate gain / loss over net book value	-	-	-	-

17.8 Details of Securitisation transactions undertaken:

Securitisation activity as originator

(Rs in Lakhs)

Particulars	**31.03.2018**	**31.03.2017**	**31.03.2016**	**31.03.2015**
Total number of loan assets securitised (Nos)	-	3,03,556	70,746	-
Book value of loan assets securitised	-	61,071.08	12,864.46	-
Book value of loan assets securitised included loan placed as collateral	-	63,510.28	13,493.11	-
Sale consideration received during the year	-	61,071.08	12,864.46	-
Interest spread recognised in the statement of profit and loss during the year	-	4,623.60	274.98	-
Credit enhancements provided during the year and outstanding as at the year end	-			
Principal subordination	-	2,439.20	628.64	-
Cash collateral	-	2,982.93	538.83	-

SPVs relating to outstanding securitisation transactions

(Rs in Lakhs)

Particulars	**31.03.2018**	**31.03.2017**	**31.03.2016**	**31.03.2015**
Number of SPV's sponsored by the NBFC for securitisation transactions as on the date of the balance sheet (Nos)	4	14	3	-
Total amount of securitised assets as per the books of the SPV's sponsored as on the date of the balance sheet	3,672.05	36,422.11	12,349.00	-
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ("MRR"):				
On-balance sheet exposures				
First loss (cash collateral)	1,551.92	3,521.77	538.83	-
Others (credit enhancement)	1,127.94	2,781.46	628.64	-

20. OTHER CURRENT ASSETS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Deposits	538.87	382.45	244.87	587.81
Interest Receivables	66,068.66	61,231.49	55,773.56	55,341.06
Inter Corporate Deposit	-	5,800.00	5,800.00	-
Housing Assets Acquired In Satisfaction Of Debt	679.07	483.57	56.55	-
Advance To Suppliers	318.64	989.84	490.49	537.30
Other Current Assets	10,951.79	8,016.20	2,779.28	12,162.39
Total	**78,557.03**	**76,903.55**	**65,144.75**	**68,628.56**

20.1 Other Current Assets includes Rs.31.98 lakhs, Rs.24.74 lakhs, Rs.20.44 lakhs & Rs.13.98 lakhs lakhs as on 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 respectively of Unamortized Borrowing cost of Muthoot Housing. Please refer the Accounting Policy on Borrowing Cost.

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11.FIXED ASSETS

The yearwise reconciliation of the gross and net carrying amounts of each class of assets at the beginning and at the end of each reporting period is given below: (Rs in Lakhs):

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Additions for the year	Disposals during the year	As at 31.03.2018	As at 01.04.2017	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018
Tangible Asset										
Buildings	6,253.79	-	32.90	6,220.90	373.27	-	98.91	472.18	5,880.53	5,748.72
Computer	8,354.12	870.57	30.86	9,193.82	6,655.78	-	900.84	7,556.62	1,698.33	1,637.20
Furniture & Fixtures	45,802.39	1,918.68	6.53	47,714.54	27,032.45	-	4,053.91	31,086.36	18,769.94	16,628.18
Land	13,440.73	1.36	15.03	13,427.06	-	-	-	-	13,440.73	13,427.06
Office Equipment	238.38	162.55	0.92	400.01	54.47	-	67.61	122.08	183.91	277.94
Plant & Equipment	15,766.90	1,064.07	118.99	16,711.98	5,894.18	-	1,446.12	7,340.31	9,872.72	9,371.67
Vehicles	487.00	-	-	487.00	253.61	-	59.74	313.35	233.39	173.65
Windmill	11,850.92	-	-	11,850.92	4,401.14	-	511.74	4,912.88	7,449.78	6,938.04
Total	**1,02,194.23**	**4,017.23**	**205.23**	**1,06,006.23**	**44,664.90**	**-**	**7,138.88**	**51,803.78**	**57,529.32**	**54,202.45**
Intangible Asset										
Software	1,201.37	1,358.23	23.19	2,536.41	295.67	-	368.80	664.46	905.71	1,871.95
Total	**1,201.37**	**1,358.23**	**23.19**	**2,536.41**	**295.67**	**-**	**368.80**	**664.46**	**905.71**	**1,871.95**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions for the year	Disposals during the year	As at 31.03.2017	As at 01.04.2016	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017
Tangible Asset										
Buildings	5,166.72	1,087.07	-	6,253.79	291.52	-	81.75	373.27	4,875.21	5,880.53
Computer	7,723.43	644.52	13.83	8,354.12	5,482.55	-	1,173.24	6,655.78	2,240.88	1,698.33
Furniture & Fixtures	44,945.68	870.08	13.37	45,802.39	22,426.33	-	4,606.12	27,032.45	22,519.35	18,769.94
Land	3,050.91	10,389.81	-	13,440.73	-	-	-	-	3,050.91	13,440.73
Office Equipment	100.29	140.59	2.50	238.38	21.97	-0.43	32.93	54.47	78.32	183.91
Plant & Equipment	15,128.69	638.99	0.78	15,766.90	4,492.28	-0.01	1,401.92	5,894.18	10,636.41	9,872.72
Vehicles	446.77	59.50	19.28	487.00	196.64	-	56.97	253.61	250.14	233.39
Windmill	11,850.92	-	-	11,850.92	3,889.39	-	511.74	4,401.14	7,961.53	7,449.78
Total	**88,413.42**	**13,830.56**	**49.75**	**1,02,194.23**	**36,800.68**	**-0.44**	**7,864.66**	**44,664.90**	**51,612.74**	**57,529.32**
Intangible Asset										
Software	379.89	821.48	-	1,201.37	144.84	-	150.82	295.67	235.05	905.71
Total	**379.89**	**821.48**	**-**	**1,201.37**	**144.84**	**-**	**150.82**	**295.67**	**235.05**	**905.71**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions for the year	Disposals during the year	As at 31.03.2016	As at 01.04.2015	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016
Tangible Asset										
Buildings	4,643.57	523.15	-	5,166.72	208.14	-	83.37	291.52	4,435.42	4,875.21
Computer	6,235.41	1,601.06	113.05	7,723.43	4,316.32	-68.78	1,235.01	5,482.55	1,919.09	2,240.88
Furniture & Fixtures	45,139.66	377.78	571.77	44,945.68	18,055.35	-248.86	4,619.84	22,426.33	27,084.31	22,519.35
Land	1,936.90	1,114.01	-	3,050.91	-	-	-	-	1,936.90	3,050.91
Office Equipment	25.19	75.11	-	100.29	15.34	-	6.63	21.97	9.85	78.32
Plant & Equipment	14,384.85	814.31	70.47	15,128.69	3,141.37	-13.77	1,364.68	4,492.28	11,243.48	10,636.41
Vehicles	446.77	-	-	446.77	143.28	-	53.36	196.64	303.50	250.14
Windmill	11,850.92	-	-	11,850.92	3,376.25	-	513.15	3,889.39	8,474.67	7,961.53
Total	**84,663.27**	**4,505.43**	**755.28**	**88,413.42**	**29,256.05**	**-331.42**	**7,876.04**	**36,800.68**	**55,407.22**	**51,612.74**
Intangible Asset										
Software	174.72	205.18	-	379.89	85.37	-	59.47	144.84	89.35	235.05
Total	**174.72**	**205.18**	**-**	**379.89**	**85.37**	**-**	**59.47**	**144.84**	**89.35**	**235.05**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Additions for the year	Disposals during the year	As at 31.03.2015	As at 01.04.2014	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015
Tangible Asset										
Buildings	4,643.57	-	-	4,643.57	447.92	313.30	73.52	208.14	4,195.65	4,435.43
Computer	5,552.18	683.34	0.10	6,235.41	3,230.69	264.87	1,350.50	4,316.32	2,321.48	1,919.09
Furniture & Fixtures	45,112.73	1,106.69	1,079.75	45,139.66	14,688.88	1,212.84	4,579.32	18,055.35	30,423.85	27,084.31
Land	2,314.59	-	377.69	1,936.90	-	-	-	-	2,314.59	1,936.90
Office Equipment	18.00	7.18	-	25.19	4.14	-5.55	5.65	15.34	13.86	9.85
Plant & Equipment	12,618.78	1,766.06	-	14,384.85	3,403.84	1,870.85	1,608.38	3,141.37	9,214.95	11,243.48
Vehicles	394.51	59.27	7.01	446.77	253.74	164.28	53.82	143.28	140.77	303.50
Windmill	11,850.92	-	-	11,850.92	7,090.64	4,226.14	511.74	3,376.25	4,760.28	8,474.67
Total	**82,505.28**	**3,622.54**	**1,464.55**	**84,663.27**	**29,119.85**	**8,046.74**	**8,182.94**	**29,256.05**	**53,385.44**	**55,407.23**
Intangible Asset										
Software	125.02	49.70	-	174.72	45.60	4.94	44.71	85.37	79.42	89.35
Total	**125.02**	**49.70**	**-**	**174.72**	**45.60**	**4.94**	**44.71**	**85.37**	**79.42**	**89.35**

MUTHOOT FINCORP LIMITED

ANNEXURE V: NOTES TO REFORMATTED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

21. REVENUE FROM OPERATIONS *(Rs in Lakhs)*

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Interest On Secured Loan	1,99,189.08	1,66,583.39	1,67,820.81	1,64,846.72
Income From Unsecured Loan	48,716.41	48,662.83	42,497.36	30,053.67
Interest Spread On Securitisation/Direct Assignment	10,280.40	7,049.98	316.17	-
Income From Forex Business	285.87	372.31	507.19	365.78
Income From Money Transfer	1,139.87	1,136.10	1,175.49	1,054.47
Income From Insurance	-	-	-	-
Income From Software Support Services	161.45	56.96	-	-
Total	**2,59,773.08**	**2,23,861.57**	**2,12,317.02**	**1,96,320.64**

22. OTHER INCOME *(Rs in Lakhs)*

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Income From Power Generation	1,197.95	1,173.64	695.18	947.42
Interest On Bank Deposit	1,477.60	1,134.62	691.43	495.62
Interest On ICD	470.72	754.00	697.23	-
Income From Investments	2,010.17	1,504.12	332.92	814.76
Dividend Income	18.77	15.90	11.96	8.67
Commission Received	2,242.17	2,249.10	1,487.71	839.30
Miscellaneous Income	5,034.26	6,743.03	3,009.15	714.79
Provision Written Back	-	3,255.10	-	8,095.79
Total	**12,451.64**	**16,829.51**	**6,925.58**	**11,916.35**

23. EMPLOYEE BENEFITS EXPENSE *(Rs in Lakhs)*

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Remuneration To Directors	1,620.00	1,620.00	1,440.00	480.00
Salaries And Allowances	43,427.09	37,863.54	31,876.03	30,923.89
Incentive	1,271.21	2,200.86	2,246.55	2,034.72
Contribution To Welfare Funds	3,267.08	2,734.28	1,969.06	1,538.21
Staff Welfare Expenses	972.27	416.90	212.39	236.32
Bonus/Exgratia	1,288.71	982.41	946.65	158.84
Total	**51,846.36**	**45,817.99**	**38,690.68**	**35,371.98**

23.1 Remuneration, in the form of Salary has been paid to Mr. Thomas John Muthoot, Managing Director and Mr. Thomas Muthoot, Whole-time Director and Chief Financial Officer, as per the terms of appointment, and subject to the permissible limits under the Companies Act, 2013.

24. FINANCE COST

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest On Secured Debentures	14,316.81	16,471.55	22,000.86	22,792.18
Interest On Borrowings From Banks	82,428.30	66,250.69	61,063.44	72,081.24
Interest On Subordinated Debt	28,440.24	29,784.17	23,614.41	16,890.73
Interest On Inter Corporate Deposits	-	3.63	3.63	17.10
Interest On Perpetual Debt Instruments	2,166.78	1,728.00	1,732.73	1,728.00
Interest On Commercial Paper	4,319.81	5,726.82	5,976.69	1,239.86
Interest On Directors Loan	28.21	-	-	79.17
Other Financial Charges*	3,529.83	2,062.39	1,917.52	1,362.74
TOTAL	**1,35,229.98**	**1,22,027.25**	**1,16,309.28**	**1,16,191.02**

**Please refer the Accounting Policy on Borrowing Cost*

25. OTHER EXPENSES

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Rent	16,458.77	15,255.97	14,555.17	13,745.45
Postage & Telegram	470.05	868.66	624.81	519.19
Electricity& Water Charges	2,126.93	1,908.86	1,810.08	1,580.15
Travelling Expenses	2,989.15	2,385.51	2,459.07	2,044.09
Telephone Charges	1,790.26	1,719.09	1,777.23	1,572.78
Printing & Stationery	834.72	964.34	762.18	765.44
Repairs & Maintenance	3,560.63	2,532.36	1,930.32	1,685.25
Insurance	17.86	371.83	393.33	402.99
Office Expenses	389.93	189.59	516.10	441.25
Security Charges	3,639.78	3,800.42	3,080.89	6,488.14
Professional Charges	2,513.32	1,583.16	1,384.64	1,025.16
Miscellaneous Expenses	439.61	233.34	30.78	17.23
Networking Charges	707.75	692.75	881.07	-
Donation & CSR Expenses	525.64	327.41	396.40	188.17
Sitting Fees	8.42	11.44	10.28	11.25
Commission To Director	132.00	166.00	144.00	-
Marketing & Business Promotion Expenses	2,857.96	4,886.95	4,578.13	2,032.89
Rates & Taxes	403.24	830.02	469.59	775.88
Provisions & Write Offs	5,306.16	2,562.88	5,844.70	2,128.72
Total	**45,172.18**	**41,290.58**	**41,648.77**	**35,424.03**

25.1 Commission has been paid to Mr. Thomas George Muthoot, Director, subject to the permissible limits under the Companies Act, 2013.

26. CONTINGENT LIABILITIES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(i) Contingent Liabilities				
Claims against the Company not acknowledged as debt				
(i) Income Tax Demands	6,065.85	6,065.85	2,860.26	987.93
(ii) Service Tax Demands	3,600.86	3,023.17	2,412.79	2,443.31
(iii) Value Added Tax Demands	1,432.69	1,432.69	-	-
(iv) Bank Guarantees	208.57	276.30	428.80	16.20
(v) Against Sale of Loan Assets	2,679.90	6,303.20	2,374.16	421.05
(vi) Other commitments	3,693.65	1,322.25	1,565.13	2,947.96

(vii) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

27. INFORMATION ABOUT BUSINESS SEGMENTS

The Group's business activity primarily relates to the Financial sector. However, the Holding Company's assets and revenue include those pertaining to Windmill Power Generation. The Holding Company has purchased properties for the purpose of sale / development and sale, which it has classified internally as the Projects Division. One of the subsidiaries, Muthoot Pappachan Technologies is into the Information Technology sector, whose nature, risks and rewards are significantly different from the Financing segment. As such, the management, for the purpose of reporting under AS-17 "Segment Reporting", and taking into account the nature of products and services, has identified 4 segments – 'Financing', 'Power Generation', 'Projects Division' & 'Information Technology'.

The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

As the Company operates in a single geographical segment; secondary geographical segment information disclosure does not apply. The year-wise reporting of Segment Information are as below:

For the year ended March 31, 2018 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Projects Division	Information Technology	Total
Revenue	2,70,864.43	1,197.95	-	162.34	2,72,224.72
Expenditure	2,37,669.76	791.14	8.93	1,286.36	2,39,756.19
Segment result	33,194.67	406.81	(8.93)	(1,124.02)	32,468.53
Segment asset	16,67,509.08	8,033.90	80,819.27	2,035.29	17,58,397.54
Segment liabilities	16,76,805.54	-	80,819.27	772.73	17,58,397.54
Capital expenditure	4,596.15	-	-	782.62	5,378.77
Depreciation	6,801.58	511.74	-	194.35	7,507.67

For the year ended March 31, 2017 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Projects Division	Information Technology	Total
Revenue	2,39,459.21	1,173.64	-	58.23	2,40,691.08
Expenditure	2,12,468.71	289.59	3,554.53	838.48	2,17,151.31
Segment result	26,990.50	884.05	(3,554.53)	(780.25)	23,539.77
Segment asset	14,34,569.59	8,618.69	92,031.21	1,624.92	15,36,844.41
Segment liabilities	14,40,275.29	-	97,093.32	(524.20)	15,36,844.41
Capital expenditure	14,192.23	-	-	459.81	14,652.04
Depreciation	7,391.76	511.74	-	111.99	8,015.49

For the year ended March 31, 2016 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Projects Division	Information Technology	Total
Revenue	2,18,547.31	695.18	-	0.11	2,19,242.60
Expenditure	2,03,608.44	734.85	0.20	240.76	2,04,584.25
Segment result	14,938.87	(39.67)	(0.20)	(240.65)	14,658.35
Segment asset	11,94,568.14	7,961.53	28,937.72	1,410.28	12,32,877.67
Segment liabilities	12,03,728.61	-	28,937.92	211.14	12,32,877.67
Capital expenditure	10.00	-	-	747.78	757.78
Depreciation	7,329.33	513.15	-	93.04	7,935.52

For the year ended March 31, 2015 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Total
Revenue	2,07,289.57	947.42	2,08,236.99
Expenditure	1,94,797.44	417.24	1,95,214.68
Segment result	12,492.13	530.18	13,022.31
Segment asset	10,89,341.13	9,009.63	10,98,350.76
Segment liabilities	10,97,452.48	898.28	10,98,350.76
Capital expenditure	3,672.25	-	3,672.25
Depreciation	7,715.90	511.74	8,227.64

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28. RELATED PARTY DISCLOSURES

As required by Accounting Standard – 18 on 'Related Party Disclosures' issued by Institute of Chartered Accountants of India, following information is disclosed:

a) List of Key Managerial Persons over the years ended 2018, 2017, 2016 & 2015

Name	Designation	Relatives
Thomas John Muthoot	Managing Director	1. Janamma Thomas 2. Preethi John 3. Thomas M John 4. Susan John Muthoot
Thomas George Muthoot	Director	1. Nina George 2. Tina Suzanne George 3. Ritu Elizabeth George 4. Swetha Ann George
Thomas Muthoot	Executive Director cum Chief Financial Officer	1. Remmy Thomas 2. Suzannah Muthoot 3. Hannah Muthoot
T. D. Mathai	Company Secretary	-

b) List of Related Parties over the years ended 2018, 2017, 2016 & 2015

Entity
Company
Alaska Agri Projects And Hospitalities Private Limited
Bamboo Agri Projects And Hospitalities Private Limited
Buttercup Agri Projects And Hospitalities Private Limited
Calypso Agri Development And Hospitalities Private Limited
Cinnamon Agri Development And Hospitalities Private Limited
El Toro Agri Projects And Hospitalities Private Limited
Emmel Realtors And Developers Private Limited
Flame Agri Projects And Hospitalities Private Limited
Fox Bush Agri Development And Hospitalities Private Limited
Goblin Agri Projects And Hospitalities Private Limited
Jungle Cat Agri Development And Hospitalities Private Limited
L.M Realtors Private Limited
Mandarin Agri Ventures And Hospitalities Private Limited
Mariposa Agri Ventures And Hospitalities Private Limited
MPG Hotels And Infrastructure Ventures Private Limited
MPG Precious Metals Private Ltd
Muthoot Agri Development And Hospitalities Private Limited
Muthoot Agri Projects And Hospitalities Private Limited
Muthoot Dairies And Agri Ventures Private Limited
Muthoot APT Ceramics Limited
Muthoot Automotive (India) Private Limited

Muthoot Automobile Solutions Private Limited
Muthoot Buildtech (India) Private Limited
Muthoot Capital Services Limited
Muthoot Equities Limited
Muthoot Holdings Private Limited
Muthoot Hotels Private Limited
Muthoot Housing Finance Company Limited
Muthoot Infrastructure Private Limited
Muthoot Land And Estates Private Limited
Muthoot Motors Private Limited
Muthoot Microfin Limited
Muthoot Pappachan Medicare Private Limited
Muthoot Pappachan Technologies Limited
Muthoot Properties (India) Private Limited
Muthoot Risk Insurance And Broking Services Private Limited
Pine Pink Agri Ventures And Hospitalities Private Limited
The Right Ambient Resorts Private Limited
Muthoot Pappachan Chits (India) Private Limited
Muthoot Exim Private Limited
Muthoot Kuries Private Limited
The Thinking Machine Media Private Limited
MPG Security Group Private Limited
Muthoot Pappachan Centre Of Excellence In Sports
Firm / LLP / Trust
Muthoot Bankers
Muthoot Cine Enterprise
Muthoot Estate Investments
Muthoot Finance Company
Muthoot Insurance Services
Muthoot Motors (Cochin)
MPG Air Catering LLP*
MPG Asset Management LLP*
MPG Automobiles LLP
MPG Hospitality LLP*
MPG Land And Estate LLP*
MPG Real Estate LLP*
Muthoot Pappachan Foundation

** Entities under strike off*

c) **Transactions with Related Parties mentioned in a) above, during the year/balances Outstanding as on** *(Rs in Lakhs)*

TRANSACTIONS DURING THE YEAR	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Revenue/(Expenses)				
Interest accrued on loan	16.99	-	1,253.02	862.82
Ticket Booking income	-	-	18.32	-
Rent paid	(154.73)	(151.80)	(128.11)	(71.15)
Remuneration paid	(2,010.93)	(2,014.61)	(1,777.98)	(495.24)
Interest paid	(110.41)	(68.55)	-	(223.35)
Sitting Fee	(9.35)	(11.50)	(10.25)	(11.25)
Assets				
Loans Advanced	19,900.00	-	-	22,500.00
Loans Repaid	-	-	(22,500.00)	-
Security Deposit Advanced	3.58	-	-	-
Payments towards Purchase of Property, Advance for Property	-	13,963.34	4,618.70	-
Liabilities				
Investment in Share Capital	-	13,749.98	-	
Loan from Director advanced during the year	-	114.48	435.60	622.52
Loan from Director repaid during the year	-	(150.00)	-	(1,256.16)
Personal Guarantees	26,500.00	12,500.00	12,500.00	19,000.00
OUTSTANDING AS AT THE END OF THE YEAR	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Assets				
Advance for Property	1,722.40	7,160.91	4,618.70	-
Ticket Booking charge receivable	-	-	5.52	-
Loans Advanced	19,900.00	-	-	22,500.00
Interest Receivable	16.99	-	-	862.82
Security Deposit Advanced	3.58	-	-	-
Personal Guarantees	84,500.00	58,000.00	50,000.00	35,000.00
Liabilities				
Debt Instrument Outstanding	5,290.21	539.64	477.10	870.00
Remuneration payable	169.95	341.17	-	-
Rent Payable	0.82	0.17	2.52	1.46
Interest payable to debt outstanding	-	69.16	26.80	-

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d) Transactions with persons listed in (b) above, during the year/balances Outstanding as on *(Rs in Lakhs)*

TRANSACTIONS DURING THE YEAR	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue				
Income from services rendered	1,561.73	1,225.08	940.83	837.47
Income from renting of premises	256.11	253.05	202.05	167.33
Interest on loans, ICDs and other finances	29.52	19.49	-	7.55
Expenditure				
Rent paid towards premises taken on lease	20.19	20.42	17.33	11.62
Fees towards services rendered	1,947.77	1,847.13	797.86	43.15
Interest on ICD, deposits and other debt instruments	372.34	375.26	35.80	2,124.65
Interest paid on Collection	5.65	0.04	1.03	-
Reimbursement of Expenditure	(78.19)	(109.65)	(30.92)	-
CSR Expenses / Donations made	47.88	-	-	21.00
Assets				
Advance for CSR activities	466.67	305.10	141.50	187.46
Payments towards Purchase / Advance for Property , Shares	-	55,682.73	22,842.56	1,670.85
Loans advanced / Security Deposits advanced	200.00	-	-	102.00
Loans / Security Deposits repaid	(213.11)	-	-	(100.00)
Advance to Employee Welfare Trust	251.00	-	-	-
Assignment / Buyout	-	-	-	(2,999.97)
Liabilities				
Investment in Share Capital	-	1,250.03	-	-
Loans / ICD’s accepted	500.00	200.00	-	700.00
Loans / ICD’s repaid	(500.00)	(100.00)	-	(700.00)
Advance received JD – Owners share	53.11	-	-	-
Rent Security Deposits accepted	-	5.40	33.04	-
Rent Security Deposits repaid	-	(0.92)	-	-
OUTSTANDING AS AT THE END OF THE YEAR	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Assets (Receivables)				
Against Services rendered	288.14	241.70	172.82	31.30
Against Renting of premises	23.98	15.85	13.95	13.05
Against Interest from loans, deposits and other finances	0.67	-	-	-
Against Advance for CSR activities	4.65	8.71	6.27	52.56
Against Loans Advanced	86.89	100.00	-	-
Against Advance for Property / Shares	48,991.52	54,752.73	2,720.00	-
Against Advances to Employee Welfare Trust	399.50	-	-	-

Liabilities (Payables)				
Against Services rendered	259.18	424.08	348.51	195.60
Against Rent Payable	-	-	1.87	-
Against Debt Outstanding	2.34	200.00	-	3,630.00
Against Rent Security Deposits	45.63	1.79	48.64	12.17
Against Security Deposits	-	42.32	-	-

29. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

30. CSR EXPENDITURE

As required under Section 135 of the Companies Act, 2013, the Group was required to spend two per cent of the average net profits made during the three immediately preceding financial years towards Corporate Social Responsibility ("CSR"). The details of the amounts required to be spent, the amount spent and shortfalls, if any are as follows:

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Amount required to be spent during the year	343.41	233.16	364.43	569.33
Amount spent towards CSR during the year	518.61	302.66	187.79	134.89
Accumulated shortfall as at the year end	366.38	541.58	611.08	434.44

The aforementioned shortfall as at March 31, 2018 is expected to be utilized in the subsequent years.

31. DETAILS OF SPECIFIED BANK NOTES HELD & TRANSACTED

The details of Cash held and transacted by the Company during the period from 8th November, 2016 to 30th December, 2016 are summarized below as required vide MCA notification G.S.R. 308(E) dated March 31, 2017:

(Rs in Lakhs)

Particulars	Specified Bank Notes (SBN's)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	11,748.92	432.45	12,181.37
(+) Permitted receipts	214.12	2,55,689.86	2,55,903.98
(-) Permitted payments	-	1,79,029.24	1,79,029.24
(-) Amount deposited in Banks	11,963.04	71,656.17	83,619.21
Closing cash in hand as on 30.12.2016	-	5,436.90	5,436.90

32. EARNINGS PER SHARE

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Profit for the year (before adjustment for Minority Interest)	23,816.82	15,795.65	9,317.60	8,042.60
Add: Share of (Profit) transferred to Minority Interest	(2,397.37)	(686.29)	(243.73)	(115.92)
Net Profit attributable to Equity Shareholders	21,419.45	15,109.36	9,073.87	7,926.68
Weighted average number of shares outstanding (Nos.)	19,37,05,560	18,65,82,269	18,65,62,700	18,65,62,700
Basic Earnings per share (Rs.)	11.06	8.10	4.86	4.25
Diluted Earnings per share (Rs.)	11.06	8.10	4.86	4.25

33. ADDITIONAL INFORMATION

Yearwise additional disclosure in terms of Schedule III of the Companies Act, 2013 is given below:

Name of the company	Net Assets as on 31/03/2018		Share in Profit or Loss for the year ended 31/03/2018	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Parent				
Muthoot Fincorp Limited	67.83%	1,56,704.71	62.55%	14,896.84
Subsidiary				
Muthoot Housing Finance Company Limited	4.43%	10,243.79	4.22%	1,005.04
Muthoot Pappachan Technologies Limited	0.77%	1,780.35	-2.90%	-690.81
Muthoot Microfin Limited	18.82%	43,474.46	26.06%	6,208.38
Minority Interest in all subsidiaries	8.15%	18,815.43	10.07%	2,397.37
Total	**100.00%**	**2,31,018.74**	**100.00%**	**23,816.82**

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Name of the company	Net Assets as on 31/03/2017		Share in Profit or Loss for the year ended 31/03/2017	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Parent				
Muthoot Fincorp Limited	83.22%	1,50,072.87	69.81%	11,026.87
Subsidiary				
Muthoot Housing Finance Company Limited	5.19%	9,355.01	9.26%	1,463.03
Muthoot Pappachan Technologies Limited	0.85%	1,539.29	-2.84%	-449.07
Muthoot Microfin Limited	8.34%	15,033.71	19.43%	3,068.53
Minority Interest in all subsidiaries	2.40%	4,336.04	4.34%	686.29
Total	**100.00%**	**1,80,336.92**	**100.00%**	**15,795.65**

Name of the company	Net Assets as on 31/03/2016		Share in Profit or Loss for the year ended 31/03/2016	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Parent				
Muthoot Fincorp Limited	87.22%	1,24,948.29	86.64%	8,072.97
Subsidiary				
Muthoot Housing Finance Company Limited	5.78%	8,280.91	3.13%	291.24
Muthoot Pappachan Technologies Limited	0.72%	1,038.37	-1.35%	-125.82
Muthoot Microfin Limited	4.94%	7,073.92	11.30%	1,052.64
Minority Interest in all subsidiaries	1.34%	1,920.16	0.29%	26.57
Total	**100.00%**	**1,43,261.64**	**100.00%**	**9,317.60**

Name of the company	Net Assets as on 31/03/2015		Share in Profit or Loss for the year ended 31/03/2015	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Parent				
Muthoot Fincorp Limited	90.18%	1,20,741.63	94.19%	7,575.69
Subsidiary				
Muthoot Housing Finance Company Limited	7.32%	9,795.18	6.54%	526.11
Muthoot Pappachan Technologies Limited	0.92%	1,232.36	-2.30%	-184.99
Muthoot Microfin Limited	0.37%	498.45	-0.17%	-13.71
Minority Interest in all subsidiaries	1.21%	1,621.89	1.73%	139.50
Total	**100.00%**	**1,33,889.50**	**100.00%**	**8,042.59**

There are no Indian Associates / Joint Ventures nor Foreign Subsidiaries / Associates / Joint Ventures.

34. MANAGERIAL REMUNERATION & OTHER DISCLOSURES

The following additional disclosures are made as per the requirements of Accounting Standards (AS) and Reserve Bank of India (RBI) guidelines in this regard.

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Managerial Remuneration				
Salary to Managing Director and Executive Director	1,620.00	1,620.00	1,440.00	480.00
Commission to Director	132.00	166.00	144.00	-
Value of Imports	-	-	-	-
Expenditure in Foreign Currency	17.45	25.68	9.58	5.08
Earnings in Foreign Exchange	-	-	-	-
Auditors Remuneration				
For Statutory Audit	50.30	35.30	31.80	17.36
Company Law Services	-	-	-	2.50
Taxation	5.25	6.75	5.75	3.00
Other Services	12.45	8.60	7.05	6.83
Reimbursement of Expenditure	2.60	2.00	0.10	0.10
Amount due to Small Scale Industries	Nil	Nil	Nil	Nil

35. Previous year’s figures have been regrouped and reclassified wherever necessary to conform to the current year’s classification. Figures have been rounded off in Lakhs.

Annexure VI: Significant Accounting Policies on Reformatted Consolidated Financial Statements

A) OVERVIEW

1. Muthoot Fincorp Limited ("MFL" or "the Company") is a Public Limited Company, incorporated on June 10, 1997 under the provisions of the Companies Act 1956. The Company is a Non Deposit Accepting Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systemically Important Loan Company (NDSI).

   Muthoot Fincorp Limited, the flagship company of the 130 year old Muthoot Pappachan Group, provides a diverse mix of retail offerings catering to various needs of its customers and is primarily engaged in the business of Gold Loans through its branch network across India. The Company also offers Business Loans, Loans to Microfinance Sector, Forex Services, Money Transfer Services, Wealth Management Services to its customers in its strive to be the most trusted financial service provider. It is also engaged in real estate business to a very limited extent.

   The Company has 3 subsidiaries, Muthoot Housing Finance Company Limited (or "MHFCL" or "Muthoot Housing"), Muthoot Pappachan Technologies Limited (or "MPT") and Muthoot Microfin Limited (or "MML" or "Muthoot Microfin") (formerly known as Pancharatna Securities Limited), which are incorporated in India.

   Muthoot Housing Finance Company Limited (MHFCL) is a Housing Finance Company registered with the National Housing Bank ("NHB") under Section 29 A of the National Housing Bank Act, 1987 and primarily engaged in housing finance activities. The company was incorporated on 05th March, 2010, and received the Certificate of Registration from the NHB on 11th February, 2011, enabling the company to carry on business as a Housing Finance Company without accepting Public Deposits. The company received its Certificate of Commencement of Business on 1st June 2011.

   Muthoot Pappachan Technologies Private Limited (MPT) was initially registered as a Private Limited Company on 16th November 2012. Later, it was converted to Muthoot Pappachan Technologies Limited on 5th July 2013. Based in the Technopark campus at Thiruvananthapuram, the company provides Consulting-led Integrated portfolio of Information Technology (IT) and IT enabled services to its clients. The Company in short, aims at providing Software Solution as Service to its customers.

   Muthoot Microfin Limited (MML) was incorporated as a Private Limited Company in the year 1992 under the erstwhile Companies Act, 1956. Effective from 18 March, 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company (NBFC-ND) under the rules and regulations framed by the Reserve Bank of India. The Company has obtained registration under the category of Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI) w.e.f. 25 March, 2015. Designed to promote entrepreneurship skills and inclusive growth among women, the Company provides financial assistance to women engaged in small income generating activities under the Grameen model of lending and carries out skill development workshops and literacy classes for its clients. The Company also uses its distribution channel to provide loans to members for purchase off productivity-enhancing products such as solar lamps, mobile phones and water purifiers.

2. The Reformatted Summary Consolidated Statement of Assets and Liabilities of the Company as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015, and the related Reformatted Summary Consolidated Statement of Profit and Loss and Cash Flows for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 (hereinafter collectively referred to as "Reformatted Consolidated Financial Statements") relate to the consolidated position and results of MFL, MML, MHFL & MPT; and have been prepared specifically for inclusion in the Prospectus to be filed by the company in connection with its proposed Public Issue of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each at par, for an Issue Size of Rs.25,000 lakhs, with a green shoe option of Rs.25,000 lakhs, aggregating to Rs.50,000 lakhs.

3. The Consolidated Financial Statements ("CFS") include results of the following subsidiaries of Muthoot Fincorp Limited, consolidated in accordance with Accounting Standard-21 'Consolidated Financial Statements':

Name of the company	Country of incorporation	Consolidated as	% of holding FY18	% of holding FY17	% of holding FY16	% of holding FY15
Muthoot Housing Finance Company Limited	India	Subsidiary	78.72%	75.32%	75.32%	66.62%
Muthoot Pappachan Technologies Limited	India	Subsidiary	60.00%	60.00%	60.00%	60.00%
Muthoot Microfin Limited	India	Subsidiary	70.59%	83.51%	98.59%	94.55%

B) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015.

a. Principles of Consolidation

(a) The Consolidated Financial Statements have been prepared based on a line-by-line consolidation of the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and Cash Flows for the years ended March 31, 2018, 2017, 2016 & 2015.

(b) The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company.

(c) All material inter-company transactions and balances between the entities have been eliminated in the CFS.

(d) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

(e) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill, if any.

(f) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of capital and reserves attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share, subsequent to the date of investment as stated above.

(h) Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of these companies. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

b. System of accounting & basis of preparation

The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in India. The management has prepared these CFS to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the guidelines issued by the Reserve Bank of India as applicable to a non-deposit accepting NBFC, NBFC-MFI and the guidelines issued by the National Housing Bank. The CFS has been prepared under the historical cost convention and on an accrual basis except for non-performing assets, for which income is recognized on realization basis.

c. Use of Estimates

The preparation of the financial statements required the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. An example of such estimates include the classification of assets and liabilities into current and non-current, which is based on the estimation of the operating cycle of the Company. However, although these estimates are based upon the management's best knowledge of current events and actions, actual results may differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

d. Tangible Fixed assets

Fixed Assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and directly attributable cost for bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including the day to day repair and maintenance expenditure are charged to revenue during the period in which such expenditure is incurred.

e. Intangible assets:

Intangible Assets are capitalized on the basis of costs incurred to acquire and install them. Intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Advance paid for development of Computer Software is disclosed as "Intangible Assets under Development".

f. Depreciation on Tangible Fixed Assets & Intangible Assets:

Depreciation on assets acquired/sold during the year is recognised on pro-rata basis in the statement of profit and loss from the date of acquisition or till the date of sale. Depreciation is provided based on the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013 except as otherwise mentioned. The Holding Company and one of its subsidiaries, Muthoot Microfin Limited follow the Straight Line Method for providing depreciation, whereas the two other subsidiaries follow the Written Down Value method. The Holding Company in FY2014-15, shifted its method of depreciating Fixed Assets, except leasehold improvements, from Written Down Value method to Straight Line method. The depreciation charged as per SLM for the said year was Rs.8,130.77 lakhs. Due to the change in method, there was a reversal of Rs. 8,051.69 lakhs from the accumulated depreciation which is classified under the head "Provision written back". Had the company continued to follow the WDV method, there would have been an additional depreciation of Rs.4,053.85 lakhs in the said year.

Leasehold Improvements are amortized over the period of the lease on Straight Line basis.

Intangible assets are amortized over their estimated useful life on a straight line basis, commencing from the date on which the assets are available for use.

g. Impairment of Assets

The carrying value of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over the useful life. If at the Balance Sheet date, there is an indication that a previously assessed impairment asset no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

h. Leases

Assets acquired on lease where a significant portion of risk or rewards of ownership are retained by the Lessor are classified as Operating Leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

i. Investments

Investments intended to be held for not more than one year from the date of such investments, are classified as current investments. All other investments are classified as Non-Current Investments.

Current Investments are carried in the Financial Statements at lower of cost or fair market value on individual investment basis. During a year, provision for fluctuation in value of current investments is recognised to the extent of the diminution in value.

Non-Current Investments are normally carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in nature. On disposal of an investment, the difference between its carrying amount and net proceeds of disposal are recognized in the profit and loss account.

j. Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition is as under:

a. Interest income is recognised on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognized on receipt basis in compliance with RBI norms.

b. Interest on Housing Loan/Loan against Property - Repayment of Housing Loans is by way of Equated Monthly Instalments (EMI) comprising of principal and interest where interest is collected in monthly instalment. In case of loans not fully disbursed Pre-EMI interest is charged every month.

c. Processing fee on loans are recognised as income at the inception of the loan. Late payment interest, Cheque bounce charges and Other Charges from customers are accounted on receipt basis due to uncertainty of its realisation.

d. Recognition of Profits on transfer of assets through Direct Assignment are made as per Para 1.4 of the respective guidelines on the subject issued by Reserve Bank of India.

e. Income from Power Generation is booked on accrual basis, based on the Terms of arrangement with the Tamil Nadu Electricity Board.

f. Income in the form of Dividends are recognised as income when the Company's right to receive payment is established.

g. Income from services rendered are recognised as per the terms of contract on accrual basis.

h. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

The prudential norms for income recognition prescribed by the Reserve Bank of India / the National Housing Board are complied with.

k. Human Resources and benefits

(i) <u>Short Term Employee Benefits</u>

Short Term Employee Benefits for services rendered by employees are recognised during the period when the services are rendered.

(ii) <u>Post-Employment Benefits</u>

<u>Defined Contribution Plan</u>

Provident Fund / Employees State Insurance

Benefits in the form of Provident Fund and Employees State Insurance are Defined Contribution Schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There is no other obligation other than the contribution payable to the fund.

<u>Defined Benefit Plan</u>

Retirement & Earned Leave benefits

The company has provided for gratuity & earned leave benefits payable to its employees based on actuarial valuation done in line with Accounting Standard 15 – 'Employee Benefits' issued by Institute of Chartered Accountants of India.

Foreign Exchange Transactions

Foreign currency transactions are recorded in Indian Rupees, on initial recognition, by converting the foreign currency amount into Indian Rupees at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

l. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Considering substance over form and matching concept for cost & revenue recognition, processing/upfront fee, arrangement fee/other charges incurred in connection with arrangement of borrowings are amortized over the period of borrowings by Muthoot Housing Finance Limited from FY2014-15. In case these borrowings are repaid before its complete tenure, then the entire un-amortized balance of such charges will be charged immediately to the Statement of Profit & Loss.

m. Taxes on Income

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income Tax reflects the impact of current year timing differences between the taxable income and the accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Pursuant to National Housing Bank's (NHB) Circular No. 65/2014-15 dated August 22, 2014, Muthoot Housing Finance Company Limited creates Deferred Tax Liability on Special Reserve u/s 36 (1) (viii) of the Income Tax Act, 1961.

At each Balance Sheet date, the management re-assesses the unrecognized deferred tax assets and recognises deferred tax asset only to the extent that it has become reasonably certain, or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Provision for Minimum Alternate Tax (MAT) is accounted when tax payable as per provision for Section 115JB of the Income Tax Act, 1961 is higher than the tax payable under normal provision of the Act. MAT Credit entitlement is recognized as an asset only if there is convincing evidence for realisation of such assets during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

n. Earnings Per Share

The Company reports Basic Earnings Per Share in accordance with the Accounting Standard-20 “Earnings Per Share”, issued by the ICAI. Basic Earnings Per Share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year. For the purpose of diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

o. Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognised in terms of Accounting Standard 29 on “Provisions, Contingent Liabilities & Contingent Assets”, when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made of the amount required to settle the obligation.

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

Contingent Assets are not recognised in the financial statements.

p. SEGMENT REPORTING

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Financial Statements.

q. EVENTS OCCURING AFTER BALANCE SHEET DATE

Material Events occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements.

r. Related Party Disclosures

Disclosures are made in accordance with the requirements of Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by the Institute of Chartered Accountants of India after eliminating all transactions between Company's whose Financial Statements have been consolidated.

s. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

t. Classification And Provisioning Of Assets

Classification and Provisioning of Loan Assets are carried out as per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India and the Prudential Norms for Housing Finance Companies prescribed by the National Housing Bank (NHB).

u. Securitization/Assignment Of Loans And Advances

Transactions relating to transfer of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines issued by the RBI. Such transferred loans and advances are de-recognized from the financial statements and gains/losses are accounted for only where the Company surrenders rights to benefits specified in the loan contract in favour of the counter parties.

v. Share Based Payments

Measurement and disclosures in relation to employee share-based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Measurement of compensation cost relating to employee stock options is done using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on the straight line basis.

w. Asset Acquired Against The Settlement Of Loans

Assets possessed against the settlement of loans are carried in the balance sheet at a value of outstanding principal loan amount or market value of asset whichever is lower. In case the market value of the asset acquired is lower than the outstanding principal loan amount; then the shortfall is to be provided for in the books of account in such financial year.

These assets are classified as ‘Current Assets’ till the asset acquired is finally disposed. The outstanding overdue interest and other charges will be accounted on realization basis.

Further, if on disposal of the assets so acquired, the sale proceed is higher than the receivable amount (including outstanding loan, outstanding overdue interest, other charges and interest), then the Company will refund the excess amount to the borrowers.

x. Securities Issue Expenses

Securities issue expenses and redemption premium, if any, are adjusted against the securities premium account as permissible, to the extent balance is available for utilization in the securities premium account.

Report of Independent Auditor on the Reformatted Standalone Financial Statements of Muthoot Fincorp Limited

To,
The Board of Directors
Muthoot Fincorp Ltd.
Muthoot Centre,
Punnen Road,
Trivandrum, Kerala -695039

Dear Sirs,

We have examined the attached Reformatted Standalone Financial Statements and Other Standalone Financial Information of Muthoot Fincorp Limited (the "Company") ("Reformatted Standalone Statements") as at and for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015, annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its Proposed Public Issue of **SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF Rs.1,000 EACH AT PAR, FOR AN ISSUE SIZE OF RS.25,000 LAKHS, WITH A GREEN SHOE OPTION OF RS.25,000 LAKHS, AGGREGATING TO RS.50,000 LAKHS.** Such financial statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

a) Section 26(1)(b)(i) of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus & Allotment of Securities) Rules, 2014; and

b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

The preparation of the 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 Reformatted Standalone Financial Statements have been extracted by the management from the audited financial statements of the Company as at 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 29.05.2018, 09.05.2017, 14.06.2016 & 30.06.2015 respectively.

   We have audited the accounts of the Company for the year ended 31.03.2018 in respect of which we have issued audit opinion vide our report dated 08.06.2018. As for the years ended 31.03.2017, 31.03.2016 & 31.03.2015, the audit of accounts was carried out by M/s. A. Cherian & Associates (FRN – 011456S), in respect of which audit opinions were issued vide reports dated 09.05.2017, 14.06.2016 & 30.07.2015, on which we have relied.

2. We have examined such Reformatted Standalone Financial Statements taking into consideration:

   a) the terms of engagement received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its Proposed Public Issue Of Debt Securities;

   b) the requirements of Section 26(1)(b)(i) of the Companies Act, 2013 read with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI Debt Regulations; and

   c) the Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.

3. In accordance with the requirements of Section 26(1)(b)(i) of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Guidance Note and the terms of our engagement agreed with you, we further report that the Reformatted Standalone Financial Statements consisting of:
   a) the Reformatted Summary Statement of Assets and Liabilities, Notes forming part thereof and the Significant Accounting Policies as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015;
   b) the Reformatted Summary Statement of Profit and Loss , Notes forming part thereof and the Significant Accounting Policies, for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015; and

c) the Reformatted Summary Statement of Cash Flows of the Company, as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015;

proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company, that are set out in Annexure I to VI to this report, have been examined by us, and are accurately extracted from the audited financial statements of the Company for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015

4. Based on our examination as above, we further report that:

a) these Reformatted Standalone Financial Statements have been presented in "Rupees in Lakhs"

b) the Reformatted Standalone Financial Statements have to be read in conjunction with the Notes on Reformatted Standalone Financial Statements and Significant Accounting Policies.

c) the figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Statements as at and for the year ended March 31, 2018.

d) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Standalone Statements, other than those disclosed;

e) there are no qualifications in the auditors' reports, which require any adjustments to the Reformatted Standalone Statements;

f) the Reformatted Standalone Financial Statements conform to the requirements of Schedule III of the Companies Act, 2013; and

g) 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.

5. We have issued an unmodified audit opinion vide our report dated 30th May, 2019 on the Standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2019. Our audit of these Ind AS financial statements were conducted in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended.

OTHER FINANCIAL INFORMATION

6. We have also examined the following Other Financial Information of the Company for the years ended 31.03.2019, 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015, proposed to be included in the offer document prepared by the management and annexed to this report:

   a) Capitalization Statement (Annexure VII)

   b) Statement of Secured and Unsecured Loans (Annexure VIII)

   c) Statement of Accounting Ratios (Annexure IX)

   d) Statement of Dividends (Annexure X)

7. Based on our examination of financial information specified in para 3 and 6 above, we state that in our opinion, the financial information so specified above, have been prepared in accordance with Section 26 of the SEBI Act and the Regulations amended from time to time.

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to March, 31, 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 March 31, 2019.

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 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 Offer Document prepared in connection with the proposed public issue of debt securities of the Muthoot Fincorp Limited and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Rangamani & Co.**
Chartered Accountants
Firm Regn. No. – 003050 S

R. Sreenivasan
Partner
Membership No. 020566

UDIN – 19020566AAAADS4598

Place: Alleppey
Date: 17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE I: REFORMATTED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

Particulars	Sch.No.	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES					
Shareholders' Funds:					
Share Capital	1	19,370.56	19,370.56	18,656.27	18,656.27
Reserves And Surplus	2	1,60,188.36	1,49,343.02	1,23,450.24	1,14,706.06
Share Application money pending allotment		-	-	-	-
Non Current Liabilities					
Long Term Borrowings	3	3,12,224.54	3,42,612.67	3,67,826.30	2,86,449.51
Deferred Tax Liabilities(Net)	4	-	38.40	-	1,500.67
Current Liabilities					
Short Term Borrowings	5	7,68,506.94	6,57,340.40	4,80,015.58	5,27,890.98
Trade Payables	6				
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		1,014.52	1,399.64	2,543.45	679.27
Other Current Liabilities	7	1,61,482.66	1,58,354.37	1,34,680.16	1,02,987.19
Short Term Provisions	8	27,356.47	19,687.85	21,288.15	11,900.70
TOTAL		**14,50,144.05**	**13,48,146.91**	**11,48,460.15**	**10,64,770.65**
ASSETS					
Non Current assets					
Property, Plant and Equipment					
Tangible Assets	9	52,656.40	56,570.21	51,082.70	55,013.24
Intangible Assets	9	645.16	318.78	65.13	67.11
Non Current Investments	10	27,397.01	24,344.34	14,641.26	5,587.29
Deferred Tax Assets (net)	4	958.26	-	359.74	-
Long Term Loans and Advances	11	7,558.59	22,132.56	39,885.26	49,131.20
Investment Property	12	30,031.41	30,012.93	21,589.02	-
Other Non Current Assets	13	8,372.73	8,683.96	9,119.60	8,562.93
Current Assets					
Current Investments	14	1,678.56	1,433.31	1,584.80	73.48
Trade Receivables	15	3,272.55	2,103.00	1,975.66	1,296.22
Cash and Cash Equivalents	16	32,461.19	40,788.00	47,247.49	39,518.73
Short Term Loans and Advances	17	12,11,098.22	10,91,212.53	8,97,377.91	7,97,868.91
Other Current Assets	18	74,013.97	70,547.29	63,531.58	1,07,651.53
TOTAL		**14,50,144.05**	**13,48,146.91**	**11,48,460.15**	**10,64,770.65**

See accompanying notes to the Financial Statements

As per our report dtd 17/08/2019
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

For and on behalf of Board of Directors

Thomas John Muthoot
Managing Director

R. Sreenivasan
Partner, M.No. 020566

Thiruvananthapuram
17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE II: REFORMATTED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

Particulars	Sch.No.	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
INCOME					
Revenue from Operations	19	2,10,887.13	1,96,272.62	2,02,322.92	1,92,302.33
Other Income	20	7,806.33	14,187.15	6,199.96	11,584.19
Total Revenue		**2,18,693.46**	**2,10,459.77**	**2,08,522.88**	**2,03,886.52**
EXPENSES					
Employee Benefits Expense	21	38,632.34	37,247.56	36,761.31	34,509.59
Finance Cost	22	1,12,893.91	1,09,093.44	1,10,073.68	1,12,980.76
Depreciation and Amortization Expense		7,078.60	7,762.09	7,783.67	8,130.77
Other Expenses	23	40,657.94	39,128.84	40,189.21	34,899.90
Total Expenses		**1,99,262.79**	**1,93,231.93**	**1,94,807.87**	**1,90,521.02**
Profit Before Exceptional and Extra Ordinary Items and Tax		**19,430.67**	**17,227.84**	**13,715.01**	**13,365.50**
Exceptional Items		-	-	-	-
Profit Before Extra Ordinary Items and Tax		**19,430.67**	**17,227.84**	**13,715.01**	**13,365.50**
Extra Ordinary Items		-	-	-	-
Profit Before Tax		**19,430.67**	**17,227.84**	**13,715.01**	**13,365.50**
Tax Expenses:					
Current Tax		5,274.73	5,222.65	6,831.25	2,704.80
Deferred Tax		(996.65)	398.13	(1,860.41)	2,283.61
Profit for the Period from Continuing Operations		**15,152.59**	**11,607.06**	**8,744.17**	**8,377.09**
Profit/(Loss) from Discontinuing Operations		-	-	-	-
Tax Expense of Discontinuing Operation		-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)		-	-	-	-
Profit for the Period		**15,152.59**	**11,607.06**	**8,744.17**	**8,377.09**
Earnings per Equity Share (in Rs.)					
i. Basic		7.82	6.22	4.69	4.49
ii. Diluted		7.82	6.22	4.69	4.49

See accompanying notes to the Financial Statements

As per our report dtd 17/08/2019
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

For and on behalf of Board of Directors

Thomas John Muthoot
Managing Director

R. Sreenivasan
Partner, M.No. 020566

Thiruvananthapuram
17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE III: REFORMATTED SUMMARY STATEMENT OF CASH FLOW

(Rs. In Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit after taxation and extraordinary items	15,152.59	11,607.06	8,744.18	8,377.09
Non cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation & Amortization	7,078.60	7,762.09	7,783.67	79.08
Provisions & write-off's	6,680.44	3,934.41	9,769.30	11,688.36
Dividend income	(18.77)	(15.90)	(11.96)	(8.67)
Profit/(loss) on sale of fixed assets	55.07	(3.17)	(5.33)	(47.92)
Assets written off	124.61	-	258.69	-
Net gain on sale of current investments	(1,200.28)	(1,504.12)	(332.92)	(814.75)
Operating profit before working capital changes	**27,872.26**	**21,780.37**	**26,205.63**	**19,273.19**
Movement in Working Capital				
(Increase) / decrease in long term loans and advances	14,885.19	14,426.34	(36,099.08)	-
(Increase) / decrease in short term loans and advances	(1,13,186.72)	(1,85,255.56)	(25,260.41)	(41,024.95)
(Increase) / decrease in other current assets	(4,654.70)	(20,112.44)	(7,074.60)	23,863.63
Increase / (decrease) in other current liabilities	468.47	8,791.36	28,244.88	3,114.24
Cash generated from Operation	**(74,615.50)**	**(1,60,369.93)**	**(13,983.58)**	**5,226.11**
Direct taxes paid (net of refund)	(9,330.43)	(9,953.64)	(2,195.54)	(5,293.29)
NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES (A)	**(83,945.93)**	**(1,70,323.57)**	**(16,179.12)**	**(67.18)**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed and tangible assets	(3,718.78)	(9,000.19)	(4,268.59)	(1,787.24)
Purchase / Sale of investments	3,008.04	(7,551.58)	(2,169.84)	700.78
Investment in subsidiary company	(6,305.97)	(2,000.00)	(8,395.46)	-
Sale of fixed assets	103.00	42.40	158.76	857.36
Interest received on investments & fixed deposits	-	-	(580.84)	-
Profit/Loss on sale of fixed assets/investments	1,145.21	1,507.30	338.25	-
Dividend received	18.77	15.90	11.96	8.67
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES (B)	**(5,749.73)**	**(16,986.17)**	**(14,905.76)**	**(220.43)**
CASH FLOW FROM FINANCING ACTIVITIES				
(Increase) / decrease of short term borrowings	1,11,166.54	1,77,324.83	(10,051.60)	(72,800.46)
(Increase) / decrease of long term borrowings	(28,113.44)	(11,474.58)	48,865.25	80,743.23
Proceeds from Issue of Share Capital	-	15,000.00	-	-
Dividend and Dividend tax paid	(1,684.25)	-	-	-
NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES (C)	**81,368.85**	**1,80,850.25**	**38,813.65**	**7,942.77**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**(8,326.81)**	**(6,459.49)**	**7,728.77**	**7,655.16**
Cash and cash equivalents at the beginning of the year	**40,788.00**	**47,247.49**	**39,518.72**	**31,863.56**
Cash and cash equivalents at the end of the year	**32,461.19**	**40,788.00**	**47,247.49**	**39,518.72**

See accompanying notes to the Financial Statements

As per our report dtd 17/08/2019
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

For and on behalf of Board of Directors

Thomas John Muthoot
Managing Director

R. Sreenivasan
Partner, M.No. 020566

Thiruvananthapuram
17/08/2019

MUTHOOT FINCORP LIMITED

ANNEXURE IV: NOTES TO REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

1. SHARE CAPITAL *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
AUTHORISED: (20,00,00,000 equity shares of Rs.10/-)	20,000.00	20,000.00	20,000.00	20,000.00
ISSUED: (19,38,00,800 equity shares of Rs.10/- each as on 31.03.2017 & 31.03.2018 and 18,65,62,700 shares of Rs.10/- for other years)	19,380.08	19,380.08	18,656.27	18,656.27
SUBSCRIBED AND PAID-UP: (19,37,05,560 equity shares of Rs.10/- each as on 31.03.2017 & 31.03.2018 and 18,65,62,700 shares of Rs.10/- for other years)	19,370.56	19,370.56	18,656.27	18,656.27
TOTAL	**19,370.56**	**19,370.56**	**18,656.27**	**18,656.27**

1.1 The Company has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share.

1.2 During the year 2016-17, the Company had issued 72,38,100 shares vide Right Issue and has allotted 71,42,860 shares at Rs.10/- each at a premium of Rs.200/- per share. 9,37,50,000 shares were issued to the shareholders as fully paid up bonus shares during the financial year 2011 - 2012.

1.3 The Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date

1.4 Details of shareholders holding more than 5% Shares:

Name of the Shareholder	No. of Shares Held as at			
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Mr. Thomas John Muthoot	5,08,43,764	5,08,43,764	4,91,66,411	4,91,66,416
Mr. Thomas George Muthoot	5,08,43,764	5,08,43,764	4,91,66,411	4,91,66,416
Mr. Thomas Muthoot	5,08,43,769	5,08,43,769	4,91,66,416	4,91,66,416
Ms. Preethi John Muthoot	1,35,25,989	1,35,25,989	1,30,20,818	1,30,20,818
Ms. Nina George	1,35,25,961	1,35,25,961	1,30,20,791	1,30,20,817
Ms. Remy Thomas	1,35,25,988	1,35,25,988	1,30,20,817	1,30,20,817

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Name of the Shareholder	Percentage Holding as at			
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Mr. Thomas John Muthoot	26.25%	26.25%	26.35%	26.35%
Mr. Thomas George Muthoot	26.25%	26.25%	26.35%	26.35%
Mr. Thomas Muthoot	26.25%	26.25%	26.35%	26.35%
Ms. Preethi John Muthoot	6.98%	6.98%	6.98%	6.98%
Ms. Nina George	6.98%	6.98%	6.98%	6.98%
Ms. Remy Thomas	6.98%	6.98%	6.98%	6.98%

2. RESERVES & SURPLUS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Securities Premium Reserve	38,129.85	38,129.85	23,844.13	23,844.13
Statutory Reserve	34,085.26	31,053.87	28,732.46	26,983.62
Special Contingency Reserve	8,882.93	8,882.93	8,882.93	8,882.93
Debenture Redemption Reserve	4,279.68	11,908.83	17,527.33	11,028.91
Profit & Loss Account	74,810.64	59,367.54	44,463.39	43,966.47
TOTAL	**1,60,188.36**	**1,49,343.02**	**1,23,450.24**	**1,14,706.06**

2.1 The company has appropriated 20% of the Profit after Tax as Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934.

2.2 The company has maintained a Debenture Redemption Reserve of 25% of the total value of Debentures and Subordinated Debt outstanding as at the respective year end, which were issued through public issue, as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014.

2.3 Reconciliation of figures as at beginning and close of the reporting

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Securities Premium Reserve				
Balance as per last balance sheet	38,129.85	23,844.13	23,844.13	23,844.13
Additions during the year	-	14,285.72	-	-
Closing balance	**38,129.85**	**38,129.85**	**23,844.13**	**23,844.13**
Statutory Reserve				
Balance as per last balance sheet	31,053.87	28,732.46	26,983.62	25,308.20
Additions during the year	3,031.39	2,321.41	1,748.84	1,675.42
Closing balance	**34,085.26**	**31,053.87**	**28,732.46**	**26,983.62**

Special Contingency Reserve				
Balance as per last balance sheet	8,882.93	8,882.93	8,882.93	8,882.93
Additions during the year	-	-	-	-
Closing balance	**8,882.93**	**8,882.93**	**8,882.93**	**8,882.93**
Debenture Redemption Reserve				
Balance as per last balance sheet	11,908.83	17,527.33	11,028.91	-
Addition / write back during the year	(7,629.15)	(5,618.50)	6,498.42	11,028.91
Closing balance	**4,279.68**	**11,908.83**	**17,527.33**	**11,028.91**
Surplus				
Balance as per last balance sheet	59,367.54	44,463.39	43,966.47	48,293.71
Profit for the year	15,152.59	11,607.06	8,744.18	8,377.09
Less: Appropriation / (Write Back):				
Statutory Reserve	3,031.39	2,321.41	1,748.84	1,675.42
Special Contingency Reserve	-	-	-	-
Debenture Redemption Reserve	(7,629.15)	(5,618.50)	6,498.42	11,028.91
Income Tax – Prior Years	2,623.00	-	-	-
Dividend Paid	1,399.37	-	-	-
Dividend Tax	284.88	-	-	-
Closing balance	**74,810.64**	**59,367.54**	**44,463.39**	**43,966.47**

2.4 As the Income Tax law provides for subsequent claim of the expenditure in the year in which TDS is remitted, interest expense pertaining to prior years totalling to Rs.7,579.20 lakhs has been claimed as deduction while computing the Total Income as per Income Tax Rules for Financial Year 2017-18. This in turn, has resulted in a lower Current Tax provision in the current year, as compared to the previous year in spite of increased profits in the current year.

The tax effect of Rs.2,623 lakhs due to disallowance of interest expense of prior years, on account of non-deduction of tax at source on interest paid by the company on debt instruments has been appropriated against Surplus as the same pertains to previous periods, and not to the current year.

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3. LONG TERM BORROWINGS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Secured				
Secured Debentures	2,496.18	44,337.55	90,006.30	94,601.78
Term Loan From Banks	49,614.81	38,953.99	36,741.72	10,206.04
Term Loan From Others	-	-	14.55	27.82
Unsecured				
Subordinate Debt	2,01,972.97	2,06,376.87	1,83,629.55	1,40,106.31
Perpetual Debt Instrument	26,400.00	14,400.00	14,400.00	14,400.00
Inter Corporate Deposit	-	-	50.00	50.00
Interest Payable	31,740.58	38,544.26	42,984.18	27,057.56
TOTAL	**3,12,224.54**	**3,42,612.67**	**3,67,826.30**	**2,86,449.51**

3.1 Borrowings are grouped into current and non-current based on maturity profile. The principal portion of repayments which fall due on or before the respective year ends, are categorised as Other Current Liabilities. Interest accrued, and falling due on or before the respective year ends have also been categorised under Other Current Liability.

3.2 Secured Debentures includes non-convertible debentures issued by way of Public Issue as well as Private Placement. Privately placed secured debentures are secured by a charge on receivables, both present and future. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property.

The maturity pattern of Secured Debentures as on March 31, 2018 in the descending order of maturity are as follows (includes Current portion also):

(Rs in Lakhs)

Financial year of maturity	Grand total
2022-23	-
2021-22	-
2020-21	218.86
2019-20	2,277.32
2018-19	53,085.54
Total	**55,581.72**

3.3 Term loans availed by the Company are secured by first / pari-passu charges on the respective Fixed Assets / Current Assets. Details of security & terms of repayments based on last outstanding, of term loans are as follows:

(Rs in Lakhs)

Lender	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
South Indian Bank (Secured against Immovable Property & repayable in monthly instalments of 3.55 lakhs & last instalment of Rs.0.15 lakhs)	283.00	325.60	368.20	410.80
ICICI Bank (Secured against Vehicle & repayable in 14 monthly instalments on diminishing value method)	12.65	22.52	31.58	39.56
State Bank of India (Secured against Vehicle & repayable in 63 monthly instalments on diminishing value method)	25.72	29.53	-	-
State Bank of India (Secured against Vehicle & repayable in 72 monthly instalments on diminishing value method)	10.73	12.00	-	-
Yes Bank (Secured against Equitable mortgage of Collateral property & subservient pari passu charge on Gold Loan receivables & repayable in instalments of 1.67% of loan amount in quarters 3-8 from the date of disbursement, 4.5% in quarters 9-27 & 4.48% in the 28th quarter from disbursement)	5,000.00	-	-	-
Lakshmi Vilas Bank (Secured against Bank counters & fixtures and Furniture & Fittings and repayable in 8 equal quarterly instalments from February 2019)	10,000.00	-	-	-
Oriental Bank of Commerce (Secured against Loan Receivables & other current assets and repayable in 6 quarterly instalments of Rs.1,666.67 lakhs each from September 2018)	10,000.00	-	-	-
Punjab & Sind (Secured against Loan Receivables & other current assets and repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018)	10,000.00	10,000.00	2,500.00	-
Punjab & Sind (Secured against Loan Receivables & other current assets and repayable in 10 quarterly instalments of Rs.1,000.00 lakhs each from October 2018)	10,000.00	-	-	-
Syndicate Bank (Secured against Loan Receivables & other current assets and repayable in 2 quarterly instalments of Rs.4,166.67 lakhs)	8,428.27	25,227.19	25,232.50	-

Syndicate Bank (Secured against Loan Receivables & other current assets and repayable in 10 quarterly instalments of Rs.2,000.00 lakhs each from October 2018)	20,155.42	-	-	-
United Bank of India (Secured against Loan Receivables & other current assets and repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018)	10,000.00	10,000.00	-	-
United Bank of India (Secured against Loan Receivables & other current assets and repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2019)	10,000.00	10,000.00	-	-
Corporation Bank (Secured against Loan Receivables & other current assets and repayable in 2 quarterly instalments of Rs.2,500.00 lakhs each from June 2017)	-	5,000.00	10,091.30	-
State Bank Of India (Secured against Branch Fixed Assets & repayable in 12 monthly instalments of Rs.145 lakhs & Last Instalment of Rs.144.98 lakhs)	-	146.52	1,905.87	3,667.31
State Bank Of India (Secured against Branch Fixed Assets & repayable in 25 monthly instalments of Rs.288.33 Lakhs & last Instalment Rs.0.15 lakhs)	-	3,788.23	7,288.29	10,792.94
HDFC (Secured against immovable property and repayable in monthly installments on diminishing basis)	-	14.56	27.77	39.36
IDBI (Secured against windmills and repayable in two monthly installments)	-	-	-	47.00
Punjab National Bank (Secured against Branch Fixed Assets and repayable in 14 monthly instalments of Rs.83.33 lakhs & last instalment of Rs.0.20 lakhs)	-	-	-	1,181.39
South Indian Bank (Secured against Windmills & repayable in 35 monthly instalments of Rs.23.64 lakhs & last instalment of Rs.13.86 lakhs)	-	-	-	851.28
South Indian Bank (Secured against Building space & repayable in 9 monthly instalments of Rs.23.33 lakhs & last instalment of Rs.8.18 lakhs)	-	-	-	218.15
TOTAL	**93,915.79**	**64,566.15**	**47,445.51**	**17,247.79**

3.4 Subordinate Debt instruments are unsecured, subordinated to the claims of other creditors with an initial maturity of over 5 years. The maturity pattern of Subordinated debts in the descending order of maturity as on March 31, 2018 are as follows (includes Current portion also):

(Rs in Lakhs)

Financial year of maturity	Grand total
2025-26	9,185.43
2024-25	833.08
2023-24	19,182.38
2022-23	42,859.16
2021-22	58,478.78
2020-21	33,306.86
2019-20	38,127.28
2018-19	38,875.80
Total	**2,40,848.77**

3.5 Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. The Company has during FY2017-18, issued Perpetual Debt Instruments for Rs.12,000 lakhs.

3.6 Inter-Corporate Deposit is unsecured & non-current in nature.

4. DEFERRED TAX LIABILITY / (ASSET)

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Opening balance	38.40	(359.74)	1,500.67	(782.94)
Timing difference in depreciation	(583.45)	(648.65)	(664.96)	2,400.86
Timing difference in provision for NPA	-	1,055.33	(1,130.79)	17.72
Timing difference in provision for Gratuity	(184.64)	(18.97)	53.39	(131.26)
Timing difference in provision for Employee Benefits	(132.88)	(27.78)	(57.07)	(3.71)
Timing difference in provision for Investment Rate Fluctuation	(95.69)	38.21	(60.98)	-
Net deferred tax liability	(996.66)	398.14	(1,860.41)	2,283.61
Closing Balance	**(958.26)**	**38.40**	**(359.74)**	**1,500.67**

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5. SHORT TERM BORROWINGS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Secured				
Working Capital Loans	7,68,506.94	6,57,340.40	4,80,015.58	5,27,890.98
TOTAL	**7,68,506.94**	**6,57,340.40**	**4,80,015.58**	**5,27,890.98**

5.1 Working Capital Loans are fully secured against Loan Receivables and other current assets both present and future.

6. TRADE PAYABLES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Sundry Creditors				
(A) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	1,014.52	1,399.64	2,543.45	679.27
TOTAL	**1,014.52**	**1,399.64**	**2,543.45**	**679.27**

7. OTHER CURRENT LIABILITIES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Current Maturities Of Long Term Debt				
Secured Debentures	53,085.54	86,371.85	1,01,059.34	79,357.59
Term Loan From Banks	44,300.98	25,597.60	10,676.02	7,002.39
Term Loan From Others	-	14.56	13.22	11.54
Subordinated Debt	38,875.80	22,003.61	8,500.00	-
Interest Payable	20,935.79	19,621.30	10,170.57	8,627.11
Expenses Payable	1,733.18	1,234.01	2,099.50	1,841.83
Taxes And Duties Payable	945.09	1,472.45	1,160.84	4,033.69
Unpaid Matured Debentures & Interest Thereon	220.32	152.10	59.23	41.06
Other Current Liabilities	1,385.96	1,886.89	941.44	2,071.98
TOTAL	**1,61,482.66**	**1,58,354.37**	**1,34,680.16**	**1,02,987.19**

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8. SHORT TERM PROVISIONS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Provision For Taxation	15,456.91	10,182.18	8,415.97	3,043.42
Provision For NPA	5,128.05	4,622.15	7,898.71	4,631.28
Provision For Standard Assets	4,494.81	3,516.21	3,369.36	2,760.69
Provision For Investment Rate Fluctuation	358.94	82.46	192.86	16.65
Provision For Gratuity	1,607.82	946.09	1,057.51	1,259.81
Provision For Earned Leave Encashment	309.94	338.76	353.74	188.85
TOTAL	**27,356.47**	**19,687.85**	**21,288.15**	**11,900.70**

10. NON CURRENT INVESTMENTS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Quoted Investments				
Bhavishya Nirman Bond (NABARD)	-	4.99	4.99	4.99
Motilal Oswal Securities Ltd	496.27	-	197.92	-
HDFC-Asset Management Co. Ltd	-	-	-	87.90
Geojith PMS	-	-	498.66	-
Equity Intelligence PMS	-	-	208.49	-
Unquoted Investments				
In Equity & Preference Capital				
Of Subsidiaries				
Muthoot Pappachan Technologies Ltd	3.00	3.00	3.00	3.00
Muthoot Housing Finance Company Ltd	9,791.15	7,291.16	7,291.16	4,291.15
Muthoot Microfin Limited	11,721.43	7,915.45	5,915.45	520.00
Of Others				
Muthoot Pappachan Chits India (P) Ltd	8.00	8.00	8.00	8.00
Avenues India Private Limited	400.00	-	-	-
Fair Asset Technologies (P) Ltd	450.07	-	-	-
In Debt Instruments, Funds & Bonds				
Edelweiss Asset Reconstruction Co Ltd	421.74	421.74	513.59	672.25
Investment In Unlisted Debentures	2,195.35	7,400.00	-	-
Investment In Debt Fund	1,000.00	1,000.00	-	-
Investment In Bonds	300.00	300.00	-	-
Investment In BPEA India Credit - Trust II	610.00	-	-	-
TOTAL	**27,397.01**	**24,344.34**	**14,641.26**	**5,587.29**

11. LONG TERM LOANS & ADVANCES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Secured And Considered Good	7,558.59	18,370.56	9,546.37	4,330.00
Considered Doubtful	-	-	1.00	-
Unsecured But Considered Good	-	3,762.00	30,337.89	44,801.20
TOTAL	**7,558.59**	**22,132.56**	**39,885.26**	**49,131.20**

11.1 Long Term Loans & Advances include the following loans advanced to subsidiaries / entities in which Directors are interested:

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Subsidiaries	1,365.00	3,762.00	3,762.00	7,812.00
Other Entities	86.89	100.00	-	-

12. INVESTMENT PROPERTY

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Inventory - Projects	30,031.41	30,012.93	21,589.02	-
TOTAL	**30,031.41**	**30,012.93**	**21,589.02**	**-**

12.1 The Company has acquired properties for the purpose of sale / development and sale. The said properties have been acquired with the intention of subsequent sale and hence, the same has been categorized as Inventory. As the expected gestation period of the said development projects exceed 12 months, the same has been classified as Long Term. The carrying value of Inventory includes a total of Rs.2,931.81 lakhs capitalized as Borrowing Costs.

13. OTHER NON CURRENT ASSETS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Building Deposits	8,213.11	8,326.74	8,323.76	8,347.93
Deposit With Bank – Non Current	159.62	357.22	795.84	215.00
TOTAL	**8,372.73**	**8,683.96**	**9,119.60**	**8,562.93**

14. CURRENT INVESTMENTS

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
In Equity Instruments				
DP a/c With Motilal Oswal	1,673.57	1,433.31	1,584.80	73.48
In Bonds				
Bhavishya Nirman Bond (NABARD)	4.99	-	-	-
TOTAL	**1,678.56**	**1,433.31**	**1,584.80**	**73.48**

15. TRADE RECEIVABLES *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Unsecured, Considered Good				
More Than 180 Days	667.99	705.60	423.86	-
Other Debts	2,604.56	1,397.40	1,551.80	1,296.22
TOTAL	**3,272.55**	**2,103.00**	**1,975.66**	**1,296.22**

16. CASH AND CASH EQUIVALENTS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Cash In Hand	9,643.06	11,112.96	10,981.99	11,229.74
Forex Balance	212.32	610.07	551.27	392.29
Cash At Banks In Current Account	16,669.80	21,611.79	30,882.51	24,311.05
Cash At Banks Banks In Deposit Account	5,936.01	7,453.18	4,831.72	3,585.65
TOTAL	**32,461.19**	**40,788.00**	**47,247.49**	**39,518.73**

17. SHORT TERM LOANS & ADVANCES *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Retail Loans Receivables				
Secured And Considered Good	10,34,514.53	9,12,515.32	6,81,206.45	6,59,879.05
Considered Doubtful	18,813.18	9,443.45	15,769.34	18,310.11
Loans Under Auction Process	-	5,769.12	28,926.10	-
Other Loans:				
Unsecured But Considered Good	80,622.24	83,708.65	1,53,184.17	1,08,412.40
Unsecured Considered Doubtful	2,951.65	1,158.48	698.38	416.81
Unsecured Advances (Receivable In Cash Or In Kind Or For Value To Be Received)				
Considered Good	74,196.62	78,617.51	17,593.47	10,850.54
TOTAL	**12,11,098.22**	**10,91,212.53**	**8,97,377.91**	**7,97,868.91**

17.1 Microfinance loans provided by the company are within the exposure limit of 10% of total assets of the Company as prescribed by RBI guidelines.

17.2 As per Prudential Norms issued by the RBI, in financials years 2018, 2017, 2016 & 2015, loans overdue for a period of 90, 120, 150 & 180 days respectively, were classified as Non-Performing Assets.

17.3 As on 31.03.2018, Advances considered good includes Rs.39.60 crores of tax remitted during FY18 in connection with application filed before the Hon. Settlement Commission, Chennai bench. This was treated as Advance Tax pending settlement of the case.

17.4 The Company has advanced Secured loans to its Directors Thomas John Muthoot, Thomas George Muthoot & Thomas Muthoot amounting to Rs.75 crore each in FY2014-15. The aggregate outstanding loans so advanced was Rs.22,500 lakhs as on 31/03/2015. There was no outstanding loans to the Directors for 31/03/2016 and 31/03/2017. The Company has advanced Secured loans to its directors Thomas John Muthoot, Thomas George Muthoot & Thomas Muthoot amounting to Rs.6,700 lakhs, 6,600 lakhs & Rs.6,600 lakhs respectively in FY17-18 and this amount, in aggregate of Rs.19,900 lakhs is outstanding as on 31/03/2018.

17.5 Advances considered good includes the following advances made for purchase of properties / shares from Directors / relatives of Directors / entities in which Directors were partners:

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Advance paid for purchase of Property / Shares from:				
To Directors & Relatives	1,722.40	7,160.91	4,618.70	-
To MPG Hotels & Infrastructure Ventures (P) Ltd.	1,487.25	1,487.23	2,720.00	-
To Muthoot Estate Investments	47,504.26	53,265.50	-	-
TOTAL	**50,713.91**	**61,913.64**	**7,338.70**	**-**

17.6 The Holding Company had acquired microfinance portfolio by way of assignment amounting to Rs. 6,624.05 lakhs from M/s. Satin Credit Care Network Ltd. in FY2015-16.

17.7 Details of Assignment transactions undertaken:

(Rs in Lakhs)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015
No. of accounts (Nos)	-	3,15,600	1,97,787	61,981
Aggregate value (net of provisions) of accounts sold	-	47,399.29	36,906.13	8,420.99
Aggregate consideration	-	44,889.67	34,999.87	7,999.94
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-
Aggregate gain / loss over net book value	-	-	-	-

18. OTHER CURRENT ASSETS *(Rs in Lakhs)*

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Deposits	538.87	382.44	244.87	587.81
Interest Receivables	62,991.88	56,293.08	54,544.22	55,341.83
Other Current Assets	10,164.58	7,081.93	2,301.08	51,185.68
Inter Corporate Deposit	-	5,800.00	5,800.00	-
Advance To Suppliers	318.64	989.84	641.41	536.21
TOTAL	**74,013.97**	**70,547.29**	**63,531.58**	**1,07,651.53**

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9.FIXED ASSETS

The yearwise reconciliation of the gross and net carrying amounts of each class of assets at the beginning and at the end of each reporting period is given below:

(Rs in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Additions for the year	Disposals during the year	As at 31.03.2018	As at 01.04.2017	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018
Tangible Asset										
Buildings	6,247.14	-	32.90	6,214.24	363.63	-	98.91	462.54	5,883.51	5,751.70
Computer	8,066.10	734.24	30.06	8,770.28	6,511.84	-	805.15	7,317.00	1,554.26	1,453.28
Furniture & Fixtures	45,108.53	1,347.59	6.53	46,449.59	26,843.85	-	3,946.63	30,790.48	18,264.69	15,659.11
Land	13,440.73	1.36	15.03	13,427.06	-	-	-	-	13,440.73	13,427.06
Office Equipment	9.25	11.35	0.92	19.68	7.97	-	0.31	8.28	1.28	11.40
Plant & Equipment	15,596.10	1,040.74	118.99	16,517.86	5,844.02	-	1,423.75	7,267.77	9,752.09	9,250.09
Vehicles	470.79	-	-	470.79	246.91	-	58.16	305.07	223.88	165.72
Windmill	11,850.92	-	-	11,850.92	4,401.14	-	511.74	4,912.88	7,449.78	6,938.04
Total	**1,00,789.56**	**3,135.28**	**204.42**	**1,03,720.42**	**44,219.35**	**-**	**6,844.67**	**51,064.02**	**56,570.21**	**52,656.40**
Intangible Asset										
Software	522.02	583.51	23.19	1,082.34	203.24	-	233.93	437.17	318.78	645.16
Total	**522.02**	**583.51**	**23.19**	**1,082.34**	**203.24**	**-**	**233.93**	**437.17**	**318.78**	**645.16**

(Rs in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions for the year	Disposals during the year	As at 31.03.2017	As at 01.04.2016	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017
Tangible Asset										
Buildings	5,160.07	1,087.07	-	6,247.14	281.88	-	81.75	363.63	4,878.19	5,883.51
Computer	7,573.63	503.08	10.60	8,066.10	5,422.60	-	1,089.25	6,511.84	2,151.03	1,554.26
Furniture & Fixtures	44,544.93	575.85	12.25	45,108.53	22,311.58	-	4,532.27	26,843.85	22,233.36	18,264.68
Land	3,050.91	10,389.81	-	13,440.73	-	-	-	-	3,050.91	13,440.73
Office Equipment	8.59	0.66	-	9.25	7.91	-	0.05	7.97	0.67	1.28
Plant & Equipment	15,023.20	573.18	0.27	15,596.11	4,462.87	-	1,381.15	5,844.02	10,560.33	9,752.08
Vehicles	438.24	51.83	19.28	470.79	191.56	-	55.35	246.91	246.67	223.88
Windmill	11,850.92	-	-	11,850.92	3,889.39	-	511.74	4,401.14	7,961.54	7,449.78
Total	**87,650.49**	**13,181.47**	**42.40**	**1,00,789.56**	**36,567.80**	**-**	**7,651.56**	**44,219.36**	**51,082.70**	**56,570.21**
Intangible Asset										
Software	157.84	364.18	-	522.02	92.71	-	110.53	203.24	65.13	318.78
Total	**157.84**	**364.18**	**-**	**522.02**	**92.71**	**-**	**110.53**	**203.24**	**65.13**	**318.78**

(Rs in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions for the year	Disposals during the year	As at 31.03.2016	As at 01.04.2015	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016
Tangible Asset										
Buildings	4,643.57	516.50	-	5,160.07	208.14	-	73.75	281.88	4,435.43	4,878.19
Computer	6,156.57	1,530.10	113.05	7,573.63	4,285.49	-68.78	1,205.89	5,422.60	1,871.08	2,151.03
Furniture & Fixtures	44,855.57	261.13	571.77	44,544.93	18,003.82	-254.20	4,561.96	22,311.58	26,851.75	22,233.36
Land	1,936.90	1,114.01	-	3,050.91	-	-	-	-	1,936.90	3,050.91
Office Equipment	8.32	0.27	-	8.59	7.88	-	0.04	7.91	0.44	0.67
Plant & Equipment	14,280.95	811.63	69.37	15,023.20	3,136.80	-13.77	1,339.83	4,462.87	11,144.15	10,560.33
Vehicles	438.23	-	-	438.24	139.42	-	52.15	191.56	298.82	246.67
Windmill	11,850.92	-	-	11,850.92	3,376.25	-	513.15	3,889.39	8,474.67	7,961.54
Total	**84,171.04**	**4,233.64**	**754.19**	**87,650.49**	**29,157.79**	**-336.76**	**7,746.76**	**36,567.80**	**55,013.24**	**51,082.70**
Intangible Asset										
Software	122.91	34.93	-	157.84	55.80	-	36.91	92.71	67.11	65.13
Total	**122.91**	**34.93**	**-**	**157.84**	**55.80**	**-**	**36.91**	**92.71**	**67.11**	**65.13**

(Rs in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Additions for the year	Disposals during the year	As at 31.03.2015	As at 01.04.2014	Sum of Written back/ (Additional depreciation)	For the Year	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015
Tangible Asset										
Buildings	4,643.57	-	-	4,643.57	447.92	313.30	73.52	208.14	4,195.66	4,435.43
Computer	5,524.05	632.52	-	6,156.57	3,221.13	264.87	1,329.23	4,285.49	2,302.92	1,871.08
Furniture & Fixtures	45,084.90	850.43	1,079.75	44,855.57	14,684.54	1,212.84	4,532.13	18,003.82	30,400.36	26,851.75
Land	2,314.59	-	377.69	1,936.90	-	-	-	-	2,314.59	1,936.90
Office Equipment	7.88	0.44	-	8.32	1.93	-5.55	0.39	7.88	5.94	0.44
Plant & Equipment	12,616.31	1,664.63	-	14,280.95	3,403.58	1,870.85	1,604.07	3,136.80	9,212.73	11,144.15
Vehicles	385.97	59.27	7.01	438.23	251.52	164.28	52.18	139.42	134.45	298.82
Windmill	11,850.92	-	-	11,850.92	7,090.64	4,226.14	511.74	3,376.25	4,760.28	8,474.67
Total	**82,428.19**	**3,207.29**	**1,464.45**	**84,171.04**	**29,101.26**	**8,046.74**	**8,103.27**	**29,157.79**	**53,326.93**	**55,013.24**
Intangible Asset										
Software	73.21	49.70	-	122.91	33.24	4.94	27.50	55.80	39.97	67.11
Total	**73.21**	**49.70**	**-**	**122.91**	**33.24**	**4.94**	**27.50**	**55.80**	**39.97**	**67.11**

MUTHOOT FINCORP LIMITED

ANNEXURE V: NOTES TO REFORMATTED STATEMENT OF PROFIT AND LOSS

19. REVENUE FROM OPERATIONS

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest On Secured Loan	1,89,568.74	1,59,677.62	1,61,977.81	1,59,926.09
Income From Unsecured Loan	19,892.65	35,086.59	38,662.42	30,955.99
Income From Forex Business	285.87	372.31	507.20	365.78
Income From Money Transfer	1,139.87	1,136.10	1,175.49	1,054.47
TOTAL	**2,10,887.13**	**1,96,272.62**	**2,02,322.92**	**1,92,302.33**

20. OTHER INCOME

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Income From Power Generation	1,197.95	1,173.64	695.18	947.42
Interest On Bank Deposit	492.49	474.70	360.77	330.19
Interest On ICD	470.72	754.00	697.23	-
Income From Investments	1,200.28	1,504.12	332.92	814.76
Dividend Income	18.77	15.90	11.96	8.67
Miscellaneous Income	887.45	4,242.81	2,798.40	533.60
Commission Received	3,538.67	2,766.88	1,303.50	853.76
Provision Written Back	-	3,255.10	-	8,095.79
TOTAL	**7,806.33**	**14,187.15**	**6,199.96**	**11,584.19**

21. EMPLOYEE BENEFITS EXPENSE

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Remuneration To Directors	1,620.00	1,620.00	1,440.00	480.00
Salaries And Allowances	31,418.68	30,012.23	30,039.64	30,102.46
Bonus/Exgratia	1,279.39	972.82	946.66	158.84
Contributions To Welfare Funds	2,232.01	2,128.02	1,891.66	1,517.02
Incentive	1,271.21	2,200.86	2,246.55	2,034.72
Staff Welfare Expenses	811.05	313.63	196.80	216.55
TOTAL	**38,632.34**	**37,247.56**	**36,761.31**	**34,509.59**

21.1 Remuneration, in the form of Salary has been paid to Mr. Thomas John Muthoot, Managing Director and Mr. Thomas Muthoot, Whole-time Director and Chief Financial Officer, as per the terms of appointment, and subject to the permissible limits under the Companies Act, 2013.

21.2 Muthoot Pappachan Consultancy & Management Services, being the prime and central management of Muthoot Pappachan Group, the Company provides the benefits of Provident Fund to its employees by continuing under the Employees Provident Fund Scheme of Muthoot Pappachan Consultancy & Management Services. The contributions to PF / ESI are as follows:

(Rs in Lakhs)

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Contributions To Provident Fund	1,252.98	1,206.14	1,092.91	813.02
Contributions To Employee State Insurance	970.56	767.69	668.08	704.00

21.3 Leave encashment expenses, valued on actuarial basis amounting to Rs.309.94, Rs.338.76, Rs.353.74 & Rs.188.85 lakhs respectively for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 have been fully provided.

21.4 The Company has created a Trust named "Muthoot Fincorp Employees' Group Gratuity Scheme" to meet the liability towards gratuity benefits payable to its employees. The retirement benefits valued on actuarial basis amounting to Rs.1,259.81 lakhs, Rs.946.09 lakhs, Rs.1,057.51 lakhs & Rs.1,259.81 lakhs respectively for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 has been fully provided. The fund is administered by Life Insurance Corporation of India ("LIC")

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

(Rs in Lakhs)

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
A) Reconciliation of opening and closing balance of defined benefit obligation				
Defined benefit obligation at the beginning of the year	1,284.86	1,411.26	1,448.66	1,032.67
Interest Cost	114.72	130.70	135.62	102.10
Current Service Cost	489.47	444.99	493.18	487.68
Benefits paid	(179.33)	(166.24)	(87.69)	(31.87)
Actuarial gain / loss	208.04	(535.85)	(578.51)	(141.92)
Defined benefit obligation at the end of the year	1,917.76	1,284.86	1,411.26	1,448.66
B) Reconciliation of opening and closing balance of fair value of Plan Assets				
Fair value of plan assets at the beginning of the year	505.05	417.57	434.65	429.09
Expected return on plan assets	40.40	33.40	34.77	34.33
Contributions	300.00	223.67	20.40	-
Benefit paid	(179.33)	(166.24)	(48.02)	(25.55)
Actuarial gains/(losses) on plan assets	(32.86)	(3.35)	(24.23)	(3.22)
Fair value of plan assets at the end of the year	633.26	505.05	417.57	434.65

C) Expense for the year				
Current service cost	489.47	444.99	493.18	487.68
Interest Cost	114.72	130.70	135.62	102.10
Expected return on plan assets	(40.40)	(33.40)	34.77	34.33
Actuarial gains/(losses)	240.90	(532.50)	554.28	138.70
D) Investment details				
Insurer managed funds	633.26	505.05	417.57	434.65
E) Experience adjustment				
On Plan Liability (Gain)/Losses	632.90	(126.40)	(37.41)	416.00
On Plan Assets (Losses)/Gain	128.21	87.48	(17.08)	5.56
F) Actuarial assumptions				
Discount rate	7.50%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Rate of return on plan assets	8.00%	8.00%	8.00%	8.00%

22. FINANCE COST

(Rs in Lakhs)

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Interest On Secured Debentures	11,372.65	16,471.55	22,000.86	22,792.18
Interest On Borrowings From Banks	68,022.65	59,770.84	61,144.57	70,230.58
Interest On Directors Loan	-	-	-	7.26
Interest On Subordinated Debt	28,440.24	29,784.17	23,614.41	16,890.73
Interest On Inter Corporate Deposits	-	3.63	3.63	17.10
Interest On PDI	2,166.78	1,728.00	1,732.73	1,728.00
Other Financial Charges	2,891.59	1,335.25	1,577.48	1,314.91
TOTAL	**1,12,893.91**	**1,09,093.44**	**1,10,073.68**	**1,12,980.76**

23. OTHER EXPENSES

(Rs in Lakhs)

Particulars	**For the year ended 31.03.2018**	**For the year ended 31.03.2017**	**For the year ended 31.03.2016**	**For the year ended 31.03.2015**
Rent	15,602.06	14,861.32	14,385.54	13,649.45
Postage & Telegram	421.61	824.30	594.54	497.77
Electricity & Water Charges	2,012.38	1,833.29	1,771.58	1,557.25
Travelling Expenses	2,159.91	1,970.19	2,382.66	2,004.71
Telephone Charges	1,485.46	1,518.17	1,732.40	1,549.09
Printing & Stationery	637.48	811.12	732.56	754.29

Repairs & Maintenance	3,478.08	2,507.60	1,906.24	1,683.07
Insurance	16.67	371.30	382.65	402.66
Office Expenses	311.69	127.87	471.81	375.48
Security Charges	3,636.46	3,796.29	3,077.43	6,484.96
Professional Charges	2,814.41	2,110.93	1,238.84	1,020.61
Miscellaneous Expenses	84.37	43.27	13.82	12.51
Networking Charges	707.75	692.75	881.07	-
Donation & CSR Expenses	477.62	317.67	396.40	188.17
Sitting Fees	8.42	11.44	10.28	11.25
Commission To Director	132.00	166.00	144.00	-
Marketing & Business Promotion Expenses	3,755.12	4,726.21	4,568.18	2,032.77
Rates & Taxes	342.31	704.12	394.04	711.05
Provisions & Write Offs	2,574.14	1,735.00	5,105.17	1,964.81
TOTAL	**40,657.94**	**39,128.84**	**40,189.21**	**34,899.90**

23.1 Commission has been paid to Mr. Thomas George Muthoot, Director, subject to the permissible limits under the Companies Act, 2013.

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24. CONTINGENT LIABILITIES

(Rs in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(i) Contingent Liabilities				
Claims against the Company not acknowledged as debt				
(i) Against Income Tax Demands	6,065.85	6,065.85	2,860.26	987.93
(ii) Against Service Tax Demands	3,600.86	3,023.17	2,412.79	2,443.31
(iii) Against Value Added Tax Demands	1,432.69	1,432.69	-	-
(iv) Against Bank Guarantees	208.57	276.30	428.80	16.20
(v) Against Sale of Loan Assets	-	-	1,206.68	421.05
(vi) Contracts remaining to be executed on capital account	-	-	155.06	854.42

(vii) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

25. SEGMENT INFORMATION

The Company's business activity predominantly relates to the Financial sector. However, the Company's assets and revenue include those pertaining to Windmill Power Generation. The Company has a Real Estate division as well, which it has classified internally as the Projects Division. As such, the management, for the purpose of reporting under AS-17 "Segment Reporting", and taking into account the nature of products and services, has identified 3 segments – 'Financing', 'Power Generation' and the 'Projects Division'.

The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

As the Company operates in a single geographical segment; secondary geographical segment information disclosure does not apply. The year-wise reporting of Segment Information are as below:

For the year ended March 31, 2018 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Projects Division	Total
Revenue	2,17,495.51	1,197.95	-	2,18,693.46
Expenditure	1,98,462.72	791.14	8.93	1,99,262.79
Segment result	19,032.79	406.81	(8.93)	19,430.67
Segment asset	13,61,290.88	8,033.90	80,819.27	14,50,144.05
Segment liabilities	13,69,324.78	-	80,819.27	14,50,144.05
Capital expenditure	3,718.79	-	-	3,718.79
Depreciation	6,566.86	511.74	-	7,078.60

For the year ended March 31, 2017 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Projects Division	Total
Revenue	2,09,286.13	1,173.64	-	2,10,459.77
Expenditure	1,89,387.81	289.59	3,554.53	1,93,231.93
Segment result	19,898.32	884.05	(3,554.53)	17,227.84
Segment asset	12,47,497.01	8,618.69	92,031.21	13,48,146.91
Segment liabilities	12,51,053.59	-	97,093.32	13,48,146.91
Capital expenditure	13,545.66	-	-	13,545.66
Depreciation	7,250.35	511.74	-	7,762.09

For the year ended March 31, 2016 *(Rs in Lakhs)*

Particulars	Financing	Power Generation	Projects Division	Total
Revenue	2,07,827.70	695.18	-	2,08,522.88
Expenditure	1,94,072.82	734.85	0.20	1,94,807.87
Segment result	13,754.88	(39.67)	(0.20)	13,715.01
Segment asset	11,11,560.90	7,961.53	28,937.72	11,48,460.15
Segment liabilities	11,19,522.23	-	28,937.92	11,48,460.15
Capital expenditure	4,269.06	-	-	4,269.06
Depreciation	7,270.52	513.15	-	7,783.67

For the year ended March 31, 2015 *(Rs in Lakhs)*

Particulars	Retail loan	Power Generation	Total
Revenue	2,02,939.10	947.42	2,03,886.52
Expenditure	1,90,103.78	417.24	1,90,521.02
Segment result	12,835.32	530.18	13,365.50
Segment asset	10,55,761.02	9,009.63	10,64,770.65
Segment liabilities	10,63,872.37	898.28	10,64,770.65
Capital expenditure	3,256.99	-	3,256.99
Depreciation	7,619.03	511.74	8,130.77

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26. RELATED PARTY DISCLOSURES

As required by Accounting Standard – 18 on 'Related Party Disclosures' issued by Institute of Chartered Accountants of India, following information is disclosed:

a) List of Key Managerial Persons over the years ended 2018, 2017, 2016 & 2015

Name	Designation	Relatives
Thomas John Muthoot	Managing Director	1. Janamma Thomas 2. Preethi John 3. Thomas M John 4. Susan John Muthoot
Thomas George Muthoot	Director	1. Nina George 2. Tina Suzanne George 3. Ritu Elizabeth George 4. Swetha Ann George
Thomas Muthoot	Executive Director cum Chief Financial Officer	1. Remmy Thomas 2. Suzannah Muthoot 3. Hannah Muthoot
T. D. Mathai	Company Secretary	-

b) List of Related Parties over the years ended 2018, 2017, 2016 & 2015

Entity
COMPANY
Alaska Agri Projects And Hospitalities Private Limited
Bamboo Agri Projects And Hospitalities Private Limited
Buttercup Agri Projects And Hospitalities Private Limited
Calypso Agri Development And Hospitalities Private Limited
Cinnamon Agri Development And Hospitalities Private Limited
El Toro Agri Projects And Hospitalities Private Limited
Emmel Realtors And Developers Private Limited
Flame Agri Projects And Hospitalities Private Limited
Fox Bush Agri Development And Hospitalities Private Limited
Goblin Agri Projects And Hospitalities Private Limited
Jungle Cat Agri Development And Hospitalities Private Limited
L.M Realtors Private Limited
Mandarin Agri Ventures And Hospitalities Private Limited
Mariposa Agri Ventures And Hospitalities Private Limited
MPG Hotels And Infrastructure Ventures Private Limited
MPG Precious Metals Private Ltd
Muthoot Agri Development And Hospitalities Private Limited
Muthoot Agri Projects And Hospitalities Private Limited

Muthoot Dairies And Agri Ventures Private Limited
Muthoot APT Ceramics Limited
Muthoot Automotive (India) Private Limited
Muthoot Automobile Solutions Private Limited
Muthoot Buildtech (India) Private Limited
Muthoot Capital Services Limited
Muthoot Equities Limited
Muthoot Holdings Private Limited
Muthoot Hotels Private Limited
Muthoot Housing Finance Company Limited
Muthoot Infrastructure Private Limited
Muthoot Land And Estates Private Limited
Muthoot Motors Private Limited
Muthoot Microfin Limited
Muthoot Pappachan Medicare Private Limited
Muthoot Pappachan Technologies Limited
Muthoot Properties (India) Private Limited
Muthoot Risk Insurance And Broking Services Private Limited
Pine Pink Agri Ventures And Hospitalities Private Limited
The Right Ambient Resorts Private Limited
Muthoot Pappachan Chits (India) Private Limited
Muthoot Exim Private Limited
Muthoot Kuries Private Limited
The Thinking Machine Media Private Limited
MPG Security Group Private Limited
Muthoot Pappachan Centre Of Excellence In Sports
Firm / LLP / Trust
Muthoot Bankers
Muthoot Cine Enterprise
Muthoot Estate Investments
Muthoot Finance Company
Muthoot Insurance Services
Muthoot Motors (Cochin)
Mpg Air Catering LLP*
Mpg Asset Management LLP*
Mpg Automobiles LLP
Mpg Hospitality LLP*
Mpg Land And Estate LLP*
Mpg Real Estate LLP*
Muthoot Pappachan Foundation

** Entities under strike off*

c) Transactions with Related Parties mentioned in a) above, during the year/balances Outstanding as on *(Rs in Lakhs)*

TRANSACTIONS DURING THE YEAR	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue/(Expenses)				
Interest accrued on loan	16.99	-	1,253.01	862.82
Ticket Booking income	-	-	18.32	-
Rent paid	(143.91)	(142.88)	(119.89)	(63.33)
Remuneration paid	(1,776.18)	(1,807.12)	(1,603.20)	(495.24)
Interest on debt	(62.39)	(18.45)	(13.96)	(111.64)
Sitting Fee	(7.75)	(10.50)	(10.25)	(11.25)
Assets				
Loans Advanced	19,900.00	-	-	22,500.00
Loans Repaid	-	-	(22,500.00)	-
Payments towards Purchase of Property, Advance for Property	-	13,963.34	4,618.71	-
Liabilities				
Investment in Share Capital	-	13,749.98	-	-
OUTSTANDING AS AT THE END OF THE YEAR	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Assets				
Advance for Property	1,722.41	7,160.91	4,618.71	-
Loans Advanced	19,900.00	-	-	22,500.00
Interest Receivable	16.99	-	-	862.82
Ticket Booking Receivable	-	-	5.52	-
Liabilities				
Debt Instrument Outstanding	4,801.83	139.55	41.50	870.00
Remuneration payable	169.94	341.16	-	-
Rent Payable	0.50	-	2.29	-
Interest payable to debt outstanding	-	24.08	10.30	-

d) Transactions with persons listed in (b) above, during the year/balances Outstanding as on *(Rs in Lakhs)*

TRANSACTIONS DURING THE YEAR	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue				
Income from services rendered	3,330.69	2,350.69	972.41	851.93
Income from renting of premises	392.28	336.09	269.93	231.55
Interest on loans, ICDs and other finances	415.79	513.55	742.54	910.26
Sale of Assets	-	-	5.33	

Expenditure				
Rent paid towards premises taken on lease	20.19	20.42	17.33	11.62
Fees towards services rendered	4,157.56	3,080.60	977.86	245.40
Interest on ICD, deposits and other debt instruments	366.65	375.26	35.80	2,124.65
Interest paid on Collection	5.65	0.04	1.03	-
Reimbursement of Expenditure	(110.55)	(159.17)	40.24	-
Donations made	-	-	-	21.00
Assets				
Advance for CSR activities	466.67	295.37	141.50	187.46
Payments towards Purchase / Advance for Property , Shares	-	55,682.73	22,842.56	1,670.85
Investment made	6,305.97	2,000.00	8,395.46	-
Loans advanced / Security Deposits advanced	2,200.00	200.00	-	3,116.85
Loans / Security Deposits repaid	(4,610.11)	(100.00)	(4,050.00)	(1,685.64)
Assignment / Buyout	-	-	-	(2,999.97)
Value of Assets Sold	-	(56.06)	(158.76)	-
Liabilities				
Investment in Share Capital	-	1,250.03	-	
Loans / ICD's accepted	-	-	-	700.00
Loans / ICD's repaid	-	-	-	700.00
Advance received JD – Owners share	53.11	-	-	-
Rent Security Deposits accepted	17.95	15.60	42.67	-
Rent Security Deposits repaid	-	(2.69)	(0.60)	-
OUTSTANDING AS AT THE END OF THE YEAR	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**
Assets (Receivables)				
Against Services rendered	522.41	244.16	182.19	36.47
Against Renting of premises	23.98	15.98	21.80	18.33
Against Interest from loans, deposits and other finances	49.13	48.47	68.79	69.20
Against Advance for CSR activities	4.65	8.71	6.27	52.56
Against Loans Advanced	1,451.89	3,862.00	3,762.00	7,812.00
Against Advance for Property / Shares	48,991.52	54,752.73	2,720.00	-
Against Sale of Assets	-	-	158.76	-
Liabilities (Payables)				
Against Services rendered	542.01	773.04	382.19	263.38
Against Rent Security Deposits	98.37	77.11	74.99	29.49
Against Debt Outstanding	2.34	200.00	-	3,630.00

27. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

28. CSR EXPENDITURE

As required under Section 135 of the Companies Act, 2013, the Company was required to spend two per cent of the average net profits of the company made during the three immediately preceding financial years towards Corporate Social Responsibility ("CSR"). The details of the amounts required to be spent, the amount spent and shortfalls, if any are as follows:

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Amount required to be spent during the year	295.39	223.43	364.43	569.33
Amount spent towards CSR during the year	470.73	292.93	187.79	134.89
Accumulated shortfall as at the year end	366.24	541.58	611.08	434.44

The aforementioned shortfall as at March 31, 2018 is expected to be utilized in the subsequent years.

29. DETAILS OF SPECIFIED BANK NOTES HELD & TRANSACTED

The details of Cash held and transacted by the Company during the period from 8th November, 2016 to 30th December, 2016 are summarized below as required vide MCA notification G.S.R. 308(E) dated March 31, 2017:

(Rs in Lakhs)

Particulars	Specified Bank Notes (SBN's)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	11,737.42	419.40	12,156.82
(+) Permitted receipts	-	2,51,459.15	2,51,459.15
(-) Permitted payments	-	1,79,029.24	1,79,029.24
(-) Amount deposited in Banks	11,737.42	67,430.03	79,167.45
Closing cash in hand as on 30.12.2016	-	5,419.28	5,419.28

30. EARNINGS PER SHARE

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Profit after tax	15,152.59	11,607.06	8,744.17	8,377.09
Weighted average number of shares outstanding (Nos.)	19,37,05,560	18,65,82,269	18,65,62,700	18,65,62,700
Basic Earnings per share (Rs.)	7.82	6.22	4.69	4.49
Diluted Earnings per share (Rs.)	7.82	6.22	4.69	4.49

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31. MANAGERIAL REMUNERATION & OTHER DISCLOSURES

The following additional disclosures are made as per the requirements of Accounting Standards (AS) and Reserve Bank of India (RBI) guidelines in this regard.

(Rs in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
Managerial Remuneration				
Salary to Managing Director and Executive Director	1,620.00	1,620.00	1,440.00	480.00
Commission to Director	132.00	166.00	144.00	-
Value of Imports	-	-	-	-
Expenditure in Foreign Currency	17.45	25.68	9.58	5.08
Earnings in Foreign Exchange	-	-	-	-
Auditors Remuneration				
For Statutory Audit	16.00	16.00	16.00	12.00
Company Law Services	-	-	-	2.50
Taxation	1.00	3.75	3.75	2.00
Other Services	-	2.25	2.25	1.50
Amount due to Small Scale Industries	Nil	Nil	Nil	Nil

32. Previous year’s figures have been regrouped and reclassified wherever necessary to conform to the current year’s classification. Figures have been rounded off in Lakhs.

Annexure VI: Significant Accounting Policies on Reformatted Standalone Financial Statements

A) OVERVIEW

1. Muthoot Fincorp Limited ("MFL" or "the Company") is a Public Limited Company, incorporated on June 10, 1997 under the provisions of the Companies Act 1956. The Company is a Non Deposit Accepting Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systemically Important Loan Company (NDSI).

   Muthoot Fincorp Limited, the flagship company of the 130 year old Muthoot Pappachan Group, provides a diverse mix of retail offerings catering to various needs of its customers and is primarily engaged in the business of Gold Loans through its branch network across India. The Company also offers MSME Loans, Forex Services, Money Transfer Services, Wealth Management Services and other fee based services, to its customers in its strive to be the most trusted financial service provider. It is also engaged in real estate business to a very limited extent.

2. The Reformatted Summary Statement of Assets and Liabilities of the Company as at 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015, and the related Reformatted Summary Statement of Profit and Loss and Cash Flows for the years ended 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 (hereinafter collectively referred to as "Reformatted Standalone Summary Statements") relate to Muthoot Fincorp Limited ("the Company") and have been prepared specifically for inclusion in the Prospectus to be filed by the company in connection with its proposed Public Issue of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each at par, for an Issue Size of Rs.25,000 lakhs, with a green shoe option of Rs.25,000 lakhs, aggregating to Rs.50,000 lakhs.

B) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF REFORMATTED STANDALONE SUMMARY STATEMENTS FOR THE YEARS ENDED 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015.

a. System of accounting & basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, and comply with the Generally Accepted Accounting Principles in India ("GAAP"), notified Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and circulars and guidelines issued by the RBI from time to time and to the extent applicable to the Company. The accounting policies adopted in the preparation of the financial statements are consistent except as otherwise stated.

All assets and liabilities have been classified as Current or Non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business, the Company has ascertained its Operating Cycle as 12 months for the purpose of Current / Non-current classification of its assets and liabilities.

b. Use of Estimates

The preparation of the financial statements required the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. However, although these estimates are based upon the management's best knowledge of current events and actions, actual results may differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

c. Tangible Fixed assets

Fixed Assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and directly attributable cost for bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including the day to day repair and maintenance expenditure are charged to revenue during the period in which such expenditure is incurred.

d. Intangible assets:

Intangible Assets are stated at cost, net of amortisation.

e. Depreciation on Tangible Fixed Assets & Intangible Assets:

The company has provided for depreciation on Straight Line Method (SLM) based on the useful life of assets prescribed under Schedule II of the Companies Act, 2013 except for Leasehold Improvements, for which depreciation is provided for on Straight Line Method (SLM) over the primary lease period of premises.

Up to 31.03.2014, the Company was following the Written Down Value (WDV) method for depreciating all assets except leasehold improvements, where SLM was followed. The management, post review of the policy followed, was of the opinion that as the WDV method charges higher amounts of depreciation during the initial years, it does not reflect the true value of asset in the initial years. Since most of the assets of the company were relatively new, the management took a view to bring all assets under SLM method which gave a more realistic view of the assets compared to its useful life. The depreciation charged as per SLM for the year ended 31.03.2015 was Rs.8,130.77 lakhs. Due to the change in method, there is a reversal of Rs. 8,051.69 lakhs from the accumulated depreciation which has been classified under the head "Provision written back".

Depreciation on Leasehold Improvements is provided for on Straight Line Method (SLM) over the primary lease period of premises. Computer Software is amortised over a period of three years on straight line method.

Depreciation on assets acquired/sold during the year is recognised on pro-rata basis in the statement of profit and loss from the date of acquisition or till the date of sale.

f. Impairment of Assets

The carrying value of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over the useful life.

g. Leases

Leases where a significant portion of risk or rewards of ownership are retained by the Lessor, are classified as Operating Leases. Lease rentals and associated costs are charged to the Statement of Profit and Loss on accrual basis.

h. Investments

Investments intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-Current Investments.

Current Investments are carried in the Financial Statements at lower of cost or fair market value on individual investment basis. Provision for fluctuation in value of current investments is recognised to the extent of the diminution in value.

Non-Current Investments are normally carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in nature.

On disposal of an investment, the difference between its carrying amount and net proceeds of disposal are recognized in the profit and loss account.

i. Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition is as under:

a. Interest income is recognised on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognized on receipt basis in compliance with RBI norms.

b. Processing fee on loans are recognised as income at the inception of the loan.

c. Recognition of Profits on transfer of assets through Direct Assignment are made as per Para 1.4 of the respective guidelines on the subject issued by Reserve Bank of India.

d. Income from Power Generation is booked on accrual basis, based on the Terms of arrangement with the Tamil Nadu Electricity Board.

e. Income in the form of Dividends are recognised as income when the Company's right to receive payment is established. Income from Investments in Portfolio Management Services and Capital Market Operations are recognized at the time of actual sale / redemption on investments. Interest on Investments in Debt Instruments through Portfolio Management Services are recognized on accrual basis on intimation from the Portfolio Managers.

f. Income from services rendered are recognised as per the terms of contract on accrual basis.

g. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

h. The prudential norms for income recognition prescribed by the Reserve Bank of India are complied with.

j. Human Resources and benefits

SHORT TERM EMPLOYEE BENEFITS

Short Term Employee Benefits for services rendered by employees are recognised during the period when the services are rendered

POST EMPLOYMENT BENEFITS

Defined Contribution Plan
Provident Fund/Employees State Insurance

Benefits in the form of Provident Fund and Employees State Insurance are Defined Contribution Schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There is no other obligation other than the contribution payable to the fund.

Defined Benefit Plan
Retirement benefits & Earned Leave benefits

The company has provided for gratuity & earned leave benefits benefits payable to its employees based on actuarial valuation done in line with Accounting Standard 15 – 'Employee Benefits' issued by Institute of Chartered Accountants of India.

k. Foreign Exchange Transactions

Foreign currency transactions are recorded in Indian Rupees, on initial recognition, by converting the foreign currency amount into Indian Rupees at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

l. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

m. Taxes on Income

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income Tax reflects the impact of current year timing differences between the taxable income and the accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each Balance Sheet date, the management re-assesses the unrecognized deferred tax assets and recognises deferred tax asset only to the extent that it has become reasonably certain, or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

n. Earnings Per Share

The Company reports Basic Earnings Per Share in accordance with the Accounting Standard-20 “Earnings Per Share”, issued by the ICAI. Basic Earnings per Share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

o. Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognised in terms of Accounting Standard 29 on "Provisions, Contingent Liabilities & Contingent Assets", when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made of the amount required to settle the obligation.

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

Contingent Assets are not recognised in the financial statements.

p. Segment Reporting

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Financial Statements.

q. Events Occurring After Balance Sheet Date

Material Events, if any, occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements.

r. Related Party Disclosures

Disclosures are made in accordance with the requirements of Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by the Institute of Chartered Accountants of India

s. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

t. Classification And Provisioning of Assets

As per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India, the Company classifies its portfolio to Standard Assets, Sub-Standard Assets and Doubtful & Loss Assets.

Provision for Standard Assets and for Sub-Standard, Doubtful & Loss Assets are provided for as directed under the respective Systemically Important Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions.

Annexure VII

(Rs. in lakhs)

Capitalization Statement as at March 31, 2019 (Annexure VII)			
Particulars	**Pre-Issue as at March 31, 2019**	**Increase due to the Issue**	**Post-Issue**
Share capital	19,370.56	-	19,370.56
Reserves and Surplus	2,60,826.16	-	2,60,826.16
Perpetual Debt Instrument	26,049.26	-	26,049.26
Total Shareholders' Funds (A)	**3,06,245.97**	**-**	**3,06,245.97**
Long term borrowings	2,78,397.44	50,000.00	3,28,397.44
Short term borrowings (including current maturities of Long Term Debt)	8,59,806.07	-	8,59,806.07
Total Debt Funds (B)	**11,38,203.52**	**-**	**11,88,203.52**
Total Capitalisation (A) + (B)	**14,44,449.49**	**-**	**14,94,449.49**
Long Term Debt / Equity	**0.91**	**-**	**1.07**
Debt/Equity	**3.72**	**-**	**3.88**

Notes

1. The Pre-Issue figures have been extracted from the Audited Standalone Financial Statements as on 31/03/2019, which have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

2. The Post-Issue Total Capitalization is indicative and has been arrived at on the assumption that the proposed issue would result in an inflow of Rs.50,000 lakhs (the entire proceeds of which is considered as Long Term for computation purposes)

3. Changes in Equity, Reserves and Borrowings between 01/04/2019 & the date of issue may have an impact on the calculations made above

Statement of Secured and Unsecured Loans (Annexure VIII)

1. SECURED LOANS

Particulars	IGAAP				IND AS	
	31.03.2018	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2019**	**31.03.2018**
DEBENTURES						
Reemable, Non-Convertible (Private Placement)	42,021.85	86,632.92	1,24,515.16	1,33,402.56	4,272.75	39,021.85
Reemable, Non-Convertible (Public Issue)	13,559.87	44,076.48	66,550.48	40,556.81	19,846.25	16,551.85
TERM LOAN FROM BANKS & FINANCIAL INSTITUTIONS	93,915.79	64,566.15	47,445.51	17,247.79	82,334.86	93,800.18
SHORT TERM LOAN FROM BANKS	7,68,506.94	6,57,340.40	4,80,015.58	5,27,890.98	7,44,025.28	7,68,152.13
TOTAL SECURED LOANS	**9,18,004.45**	**8,52,615.95**	**7,18,526.73**	**7,19,098.14**	**8,50,479.14**	**9,17,526.01**

2. UNSECURED LOANS

Particulars	IGAAP				IND AS	
	31.03.2018	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2018**	**31.03.2018**
SUBORDINATED DEBT						
Private Placement	2,37,289.93	2,24,821.64	1,88,570.71	1,36,547.47	2,43,423.24	2,37,281.72
Public Issue	3,558.84	3,558.84	3,558.84	3,558.84	3,556.19	3,554.50
PERPETUAL DEBT INSTRUMENTS	26,400.00	14,400.00	14,400.00	14,400.00	26,049.26	26,008.17
OTHERS						
Inter Corporate Deposit	-	-	50.00	50.00	-	-
TOTAL UNSECURED LOANS	**2,67,248.77**	**2,42,780.48**	**2,06,579.55**	**1,54,556.31**	**2,73,028.69**	**2,66,844.40**

Statement of Accounting Ratios (Annexure IX)

Particulars	For the year ended March 31					
	2018	2017	2016	2015	2019	2018
	IGAAP				IND AS	
Return on Net Worth:						
Average Net Worth#	1,74,136.25	1,55,410.05	1,37,734.42	1,29,173.79	2,74,681.52	2,53,959.05
Profit After Tax	15,152.58	11,607.06	8,744.18	8,377.09	15,545.85	12,588.87
Return on Net Worth Ratio	8.70%	7.47%	6.35%	6.49%	5.66%	4.96%
Net Asset Value per Equity Share:						
Total Shareholders' Funds	1,79,558.92	1,68,713.58	1,42,106.51	1,33,362.33	2,80,196.71	2,69,166.32
Less: Deferred tax assets and Intangible assets	1,603.42	318.78	424.87	67.11	449.56	645.16
No. of Equity shares	19,37,05,560	19,37,05,560	18,65,62,700	18,65,62,700	19,37,05,560	19,37,05,560
Net Asset Value per Equity Share (Rs)	91.87	86.93	75.94	71.45	144.42	138.62
Debt/Equity ratio:						
Debt:						
Long term borrowings	2,85,824.54	3,28,212.67	3,53,426.30	2,72,049.51	2,78,397.44	2,86,216.37
Short term borrowings (including Current Maturity of Long Term Debt)	9,25,705.05	8,10,949.32	6,10,434.73	6,22,889.61	8,59,806.07	9,24,822.23
Total Debt	**12,11,529.59**	**11,39,161.99**	**9,63,861.03**	**8,94,939.12**	**11,38,203.52**	**12,11,038.60**
Equity:						
Share capital	19,370.56	19,370.56	18,656.27	18,656.27	19,370.56	19,370.56
Reserves and Surplus	1,60,188.36	1,49,343.02	1,23,450.24	1,14,706.06	2,60,826.16	2,49,795.77
Perpetual Debt Instrument	26,400.00	14,400.00	14,400.00	14,400.00	26,049.26	26,008.17
Total Equity	**2,05,958.92**	**1,83,113.58**	**1,56,506.51**	**1,47,762.33**	**3,06,245.97**	**2,95,174.50**
Debt/Equity ratio	**5.88**	**6.22**	**6.16**	**6.06**	**3.72**	**4.10**

Statement of Dividends (Annexure X)

Particulars	For the year ended March 31				
	2019	2018	2017	2016	2015
On Equity Shares					
Fully Paid Equity Share (nos)	19,37,05,560	19,37,05,560	19,37,05,560	18,65,62,700	18,65,62,700
Face Value / Paid up Value (Rs.)	10.00	10.00	10.00	10.00	10.00
Equity Share Capital (Rs. in lakhs)	19,370.56	19,370.56	19,370.56	18,656.27	18,656.27
Final Dividend					
Dividend declared on equity shares	**	10%	7.50%	-	-
Dividend per equity share (Rs.)	**	1.00	0.75	-	-
Dividend distribution tax paid on equity shares (Rs. in lakhs)	**	398.17	284.88	-	-

** The Board of Directors in its meeting held on 17/08/2019 has recommended distribution of dividend @ 10% for Fiscal 2019, which is pending approval of the shareholders of the Company in its Annual General Meeting.

MATERIAL DEVELOPMENTS

There have been no material developments since March 31, 2019 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability or credit quality of our Company or the value of its assets or its ability to pay its liabilities with the next 12 months except as stated in the chapter "*Financial Statements*" beginning on page 120.

FINANCIAL INDEBTEDNESS

Details of Secured Borrowings

Our Company's secured borrowings (gross of unamortized discount of ₹732.57 lakhs) as on June 30, 2019 amount to ₹8,15,713.95 lakhs on an unconsolidated basis. The details of the borrowings are set out below:

Term Loans from Banks:

(₹ in lakhs)

Sr. No.	Lender's Name	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Maturity date	Repayment schedule and pre-payment penalty, if any	Security
1.	Lakshmi Vilas Bank	December 18, 2017	10,000.00	7,500	7,500	December 31, 2020	Repayable in 8 equal quarterly installments after an initial moratorium period of 12 months from the date of first disbursement	Hypothecation of specific fixed assets of the company on exclusive basis to bank with coverage of 1.20 times in form of a) Bank counters and fixtures and b) Furniture and fittings
2.	State Bank of India	March 29, 2017	32.00	20.49	20.49	March 10, 2024	Tenure of 84 months	Secured against vehicle- HONDA BR-VV CV IVTEC (BASE)
3.	State Bank of India	June 1, 2016	12.00	8.97	8.97	July 1,2023	Tenure of 84 months	Secured against vehicle- Ford New Endeavour- 3.2.1.4*4 Titanium AT- Diesel Car
4.	Yes Bank	January 18, 2018	15,800.00	15,008.00	15,008	March 29,2025	Tenor:84 months Repayment of 28 quarters from the date of disbursement including 2 quarters of moratorium.	Equitable mortgage of collateral property as acceptable to YES Bank with minimum 1.25 cover.
	Total		**25,844.00**	**22,537.46**	**22,537.46**			

Working Capital Term Loans from Banks:

(₹ in lakhs)

Sr. No.	Lender's Name	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Maturity date	Repayment schedule and pre-payment penalty, if any	Security
1.	Bank of Maharashtra	June 24, 2019	15,000.00	15,000.00	15,000.00	April 15, 2021	Repayable in 4 equal instalments after 1 year moratorium	First Pari-passu Hypothecation charge on loan receivables and entire chargeable current assets of the company with other member banks by way of hypothecation with minimum security

Sr. No.	Lender's Name	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Maturity date	Repayment schedule and pre-payment penalty, if any	Security
								coverage of 1.25 times of the loan amount.
2.	Oriental Bank of Commerce	September 20, 2017	3,332	3,332	3,332	December 31, 2019	Repayable in 6 equal quarterly instalments after the moratorium of 12 months	First charge on a *pari passu* basis on hypothecation of gold loan receivables with minimum coverage of 1.18 times
3.	Andhra Bank	March 16,2019	25,000	25,000	25,000	March 21, 2020	Bullet payment in 12th month from date of first disbursement	Paripassu first charge on all Current Assets/ Loan Assets including receivables of the company with minimum asset coverage of 112% of the loan amount, along with other lenders with a margin of 10%.
4.	Punjab and Sind Bank	January 12, 2018	7,000	7,000	7,000	January 12, 2021	10 equal quarterly repayment after moratorium of 2 quarters	First charge on paripassu basis on entire current assets of the company including gold loan receivables with all banks / financial institutions (including debenture trustee) with minimum security cover of 1.10 times the loan amount.
5.	Syndicate Bank Syndicate Bank	June 27,2017 May 24,2018	10,000 8,000	10,000 8,000	10,000 8,000	September 5, 2020 June 20, 2021	₹ 200Cr (WCTL)-- Door to door tenor of 36 months with initial moratorium of 6 months, Repayable in 10 equal quarterly installments after initial moratorium of 2 quarters. ₹100Crs(WCDL)-Minimum Tenor - 3 Months, Maximum Tenor - 365 days	First Pari-passu charge on book debts, loan receivables / current standard assets (Excluding restructured or stressed assets) to the extent of 1.15 times of loan amount availed from the bank. Pari-passu charge with lenders and secured public/ privately placed NCDs (present & prospective). ₹ 100Cr(WCDL)First Pari-passu charge on book debts, loan receivables / current standard assets (Excluding Restructured or stressed assets) to the extent o'f 1.15 times of loan amount availed from the bank. Pari-

Sr. No.	Lender's Name	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Maturity date	Repayment schedule and pre-payment penalty, if any	Security
								passu charge with lenders and secured public / privately placed NCDs (present & prospective).
	United Bank of India	March 7, 2017 March 28, 2016	7,500 2500	7,500 2500	7,500 2500	March 31, 2020 September 15, 2019	Repayment in 4 equal quarterly installments after a moratorium of 24 Months.	First Pari-passu Hypothecation charge on loan receivables and entire chargeable current assets of the company with other member banks by way of hypothecation with minimum security coverage of 1.10 times of the loan amount.
	AU Small Finance	August 24, 2018	4,375	4,375	4,375	March 5, 2021	Repayable in 8 Principal quarterly Instalments starting after the moratorium period.	Pari Passu Charge on present & future loan receivables (Net of Financial Security Margin – 110% for the loan principal outstanding during the currency of the loan.
	Mahindra & Mahindra Financial services Limited	September7, 2018	8,891	8,891	3,891	September 18, 2021	Repayment to be made in 36 EMI (equated monthly installments)	Paripassu hypothecation charge together with other term loan and working capital lenders of the borrower over receivables/loan assets/book debts with a minimum cover of 1.10 times of the outstanding principal at any point of time during currency of the facility.
	Total		**91,598**	**91,598**	**91,598**			

Cash Credit / Working Capital Loans/ Working Capital Demand Loans/ Short Term Loans from Banks

(₹ in lakhs)

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
1.	Allahabad Bank	February 27, 2019	30,000	30,000	29,905	On Demand	First paripassu charge on Hypothecation on Gold loan Receivables and entire other current assets of the company with other lenders i.e. 15% margin

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
2.	Andhra Bank	May 28,2019	30,000	30,000	29,900	On Demand	Paripassu first charge on all Current Assets/ Loan Assets including receivables of the company with minimum asset coverage of 112% of the loan amount, along with other lenders with a margin of 10%.
3.	Axis Bank	January 23, 2019	22,500	22,500	22,404	On Demand	First charge on a paripassu basis of gold loan receivables of the Company, with a margin of 20% for gold loan receivables, by way of hypothecation.
4.	Bank of Baroda	June 29, 2018	10,000	10,000	9,935	On Demand	Paripassu charge on book debts, loan receivables/ current assets of the company (both present and future) to the extent of 1.18 times of loan amount with other bank/ financial institution; paripassu charge with lenders on secured public / privately places NCDs (present and prospective
5.	Bank of India	August 1, 2018	20,000	20,000	19,966	On Demand	First charge on paripassu basis on book debts and other current assets of the company, with a margin of 15%, i.e. security cover of 1.10 times. The company is required to create charge before disbursement or demand loan. Timeline of 120 days allowed to obtain NOCs from other banks / FIs for perfection of charge.
6.	Bank of Maharashtra	May 24,2019	15,000	15,000	14,905	On Demand	First Pari-passu Hypothecation charge on receivables and entire chargeable current assets of the company (both present and future) with other member banks by way of hypothecation with minimum security

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
							coverage of 1.15 times of the loan amount.
7.	Canara Bank	March 25,2019	25,000	25,000	24,953	On Demand	First paripassu charge on the entire current assets of the Company (including assets receivables) along with other working capital lenders and the debenture holders with a margin of 20%, by way of hypothecation.
8.	Central Bank of India	September 24,2018	30,000	30,000	29,887	On Demand	First Paripassu charge on Gold loan Receivables of the company along with the other working capital /short term lenders with margin of 20% on Gold loans Receivables
9.	City Union Bank Ltd	July 31, 2019	2,500	2,500	2,466	On Demand	First charge on a paripassu basis on the current assets including gold loan receivables of the Company, with a margin of 25%, by way of hypothecation.
10.	Corporation Bank	November 16, 2018	20,000	20,000	19,885	On Demand	First charge on a paripassu basis on the present and future book debts and chargeable current assets including gold loan receivables of the Company, with a margin of 15%, by way of hypothecation.
11.	Dena Bank	March 8,2019	20,000	20,000	19,960	On Demand	Hypothecation and paripassu first charge on the current assets, major portion of which is gold loan receivables with other lenders, with a margin of 20%,
12.	Federal Bank	September 6,2018	10,000	10,000	9,924	On Demand	Hypothecation and paripassu first charge on the current assets, major portion of which is gold loan receivables with other lenders, with a margin of 15%,
13.	ICICI Bank Ltd	November 16, 2018	10,000	10,000	9,775	On Demand	Paripassu floating charge on all current assets of the company with other participating banks and debenture trustees, with a margin

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
							of 15% on the entire current assets, by way of hypothecation.
14.	IDBI Bank Ltd	Dec 21,2018	35,000	35,000	34,976	On Demand	First charge on a paripassu basis on the present and future current assets of the Company, with a margin of 15%, by way of hypothecation.
15.	Indian Bank	February 27, 2018	15,000	15,000	14,920	On Demand	Paripassu first Charge on receivables with margin of 15% for loan receivables.
16.	Indian Overseas Bank	July 11, 2019	30,000	30,000	29,981	On Demand	First charge on a paripassu basis on the present and future gold loan receivables and current assets of the Company along with secured debenture holders and other working capital lenders, with a margin of 20%, by way of hypothecation.
17.	Indus Ind Bank	June 27,2019	40,000	40,000	39,983	On Demand	First charge on paripassu basis on current assets, book debts, loans and advances and receivables including gold loan receivables with a margin of 15% gold loan receivables.(security cover 1.18*)
18.	Karnataka Bank	June 25,2019	5,000	5,000	4,945	On Demand	First charge on a paripassu basis current assets and gold loan receivables and other current assets of the Company, with a margin of 15% on current assets, by way of hypothecation.
19.	Karur Vysya Bank	April 30,2018	10,000	10,000	9,971	On Demand	First Paripassu charge on Current assets, book debts, loans and advances and receivables including gold loan receivables with a margin of 15% (i.e. 1.18times)
20.	Kotak Mahindra	June 20,2018	1,500	1,500	1,013	On Demand	First charge on a paripassu basis on

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
							standard current assets including gold loan receivables of the Company, with a margin of 15%, by way of hypothecation.
21.	Lekshmi Vilas Bank	May 3,2019	6,000	6,000	5,966	On Demand	First charge on Pari-passu basis against assignment/hypothecation of the company's receivables arising out of gold loans extended with other working capital lenders with a minimum coverage of 1.10 times of gold loan receivables by way of hypothecation.
22.	Oriental Bank of Commerce	Dec 29,2018	40,000	40,000	39,968	On Demand	First charge on a paripassu basis on hypothecation of gold loan receivables under multiple banking arrangements with minimum security coverage of 1.18 times, with a margin of 15%, by way of hypothecation.
23.	Punjab National Bank	October 12, 2018	60,000	60,000	59,950	On Demand	First charge on a paripassu basis on the entire current assets, book debt receivables both present and future including gold loan receivables of the Company, with a margin of 20%, by way of hypothecation.
24.	South Indian Bank	May 8,2019	17,500	17,500	17,438	On Demand	Paripassu charge on gold loan receivables along with other working capital lenders and debenture holders, with a margin of 15% on gold loan receivables, by way of hypothecation.
25.	State Bank of India	January 3,2019	1,22,500	1,22,500	1,22,439	On Demand	Primary Security: First charge on a paripassu basis on the present and future current assets including receivables along with other lenders, with a margin of 20%, by way of

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
							hypothecation Collateral and first charge over four properties owned by the Promoters and Janamma Thomas and situated in the (a) Vizinjam village, Thiruvananthapuram; (b), Kovalam Thiruvananthapuram. Vattiyoorkavu village, Thiruvananthapuram; and (c) Sasthamangalam village
26.	Syndicate Bank	November 29,2018	10,000	10,000	10,000	On Demand	First Pari-passu charge on book debts, loan receivables / current standard assets (Excluding Restructured or stressed assets) to the extent of 1.15 times of loan amount availed from the bank. Pari-passu charge with lenders and secured public/ privately placed NCDs (present & prospective). ₹ 100 Cr (WCDL)First Pari-passu charge on book debts, loan receivables / current standard assets (Excluding Restructured or stressed assets) to the extent o'f 1.15 times of loan amount availed from the bank. Pari-passu charge with lenders and secured public / privately placed NCDs (present & prospective).
27.	Union Bank of India	September 18, 2018	50,000	50,000	49,816	On Demand	First charge on a paripassu basis on the present and future gold loan receivables and entire current assets of the Company, with a margin of 10%, by way of hypothecation

Sr. No.	Particulars	Date of Sanction/ last renewal/ disbursement	Amount Sanctioned	Drawing Power	Amount outstanding as on June 30, 2019	Repayment Schedule and pre-payment penalty, if any	Security
28.	Tamilnad Mercantile Bank	March 23,2019	5,000	5,000	5,000	On demand	Drawing shall be allowed only against gild loan receivables, with minimum security coverage of 1.18 times of the loan amount
29.	Vijaya Bank	November 30,2018	15,000	15,000	14,970	On Demand	First paripassu charge by way of hypothecation of all chargeable current assets of the company with 10% margin on loan receivables.
	Total		**7,07,500**	**7,07,500**	**7,05,199**		

Non-Convertible Debentures- Private Placement

The Company has issued secured, redeemable, unlisted non-convertible debentures on a private placement basis under various series, the details of which are set out below*****:

Sr. No.	Description	Date of Allotment	ISIN	Tenor/ Period of Maturity	Coupon (per annum)	Credit Rating	No. of NCD holders as on June 30, 2019	Amount outstanding as June 30, 2019	Redemption/ Maturity Date
1	Secured, Redeemable, Non Convertible Debentures	October 1, 2018	NIL	60 months	9%	NIL	8	168	October 1, 2023
2	Secured, Redeemable, Non-Convertible Debentures	January 3, 2019	INE549K 07428	366 Days	9.25%	NIL	105	865	January 4, 2020
	Total						**113**	**1,033**	

Security: Subservient charge on all current assets of the company both present and future with a minimum asset cover ratio of 1.0 times to be maintained during the entire tenure of the NCD*

Secured Non-Convertible Debentures – Public Issue

A). The Company has issued and allotted 19,39,872 secured, redeemable bonds in the nature of non-convertible debentures on August 2, 2014 aggregating ₹193,98,72,000 by way of public issue pursuant to the prospectus dated June 25, 2014, the details of which are set out below:

Sr. No.	Description	Date of Allotment	ISIN	Tenor/ Period of Maturity	Coupon (per annum)	Credit Rating	No. of NCD holders as on June 30, 2019	Amount outstanding as on June 30, 2019	Redemption/ Maturity Date
1	Secured, Redeemable, Listed, Rated Non-Convertible Debentures	August 2, 2014	INE549K07154	400 days	10.75%	CRISIL A/Stable	NIL	NIL	NIL
2			INE549K07097	24 months	11.25%		NIL	NIL	NIL
3			INE549K07121	24 months	11.75%		NIL	NIL	NIL
4			INE549K07162	24 months	11.75%		NIL	NIL	NIL
5			INE549K07105	36 months	11.75%		NIL	NIL	NIL
6			INE549K07139	36 months	12.00%		NIL	NIL	NIL
7			INE549K07170	36 months	12.00%		NIL	NIL	NIL

8			INE549K07113	60 months	11.25%		33	29.11	August 2, 2019
9			INE549K07147	60 months	11.75%		43	40.75	August 2, 2019
10			INE549K07188	60 months	11.75%		19	22.35	August 2, 2019
	Total						**95**	**92.21**	

(B). The Company has issued and allotted 21,158.09 lakhs secured redeemable bonds in the nature of non-convertible debentures on October 30, 2014 aggregating ₹ 21,158.09 lakhs by way of public issue pursuant to the prospectus dated September 04, 2014, the details of which are set out below:

Sr. No.	Description	Date of Allotment	ISIN	Tenor/ Period of Maturity	Coupon (per annum)	Credit Rating	No. of NCD holders as on June 30, 2019	Amount outstanding as on June 30, 2019	Redemption/ Maturity Date
1	Secured, Redeemable, Listed, Rated Non-Convertible Debentures	October 30, 2014	INE549K07196	400 days	10.25%	CRISIL A/Stable	NIL	NIL	NIL
2			INE549K07253	400 days	10.50%		NIL	NIL	NIL
3			INE549K07204	24 months	11.00%		NIL	NIL	NIL
4			INE549K07220	24 months	11.50%		NIL	NIL	NIL
5			INE549K07261	24 months	11.50%		NIL	NIL	NIL
6			INE549K07212	36 months	11.50%		NIL	NIL	NIL
7			INE549K07238	36 months	11.75%		NIL	NIL	NIL
8			INE549K07279	36 months	11.75%		NIL	NIL	NIL
9			INE549K07246	60 months	11.50%		40	35.42	October 30, 2019
	Total						**40**	**35.42**	

(C) The Company has issued and allotted 30,00,000 secured, redeemable bonds in the nature of non-convertible debentures on November 05, 2015 aggregating ₹ 300,00,00,000 by way of public issue pursuant to the prospectus dated September 21, 2015, the details of which are set out below:

Sr. No.	Description	Date of Allotment	ISIN	Tenor/ Period of Maturity	Coupon (per annum)	Credit Rating	No. of NCD holders as on June 30, 2019	Amount outstanding as on June 30, 2019	Redemption/ Maturity Date
1	Secured, Redeemable, Listed, Rated Non-Convertible Debentures	November 5, 2015	INE549K07303	400 days	9.50%	CRISIL A/Stable	NIL	NIL	NIL
2			INE549K07378	400 days	9.75%		NIL	NIL	NIL
3			INE549K07311	24 months	10.25%		NIL	NIL	NIL
4			INE549K07345	24 months	10.50%		NIL	NIL	NIL
5			INE549K07386	24 months	10.50%		NIL	NIL	NIL
6			INE549K07329	36 months	10.50%		NIL	NIL	NIL
7			INE549K07352	36 months	10.75%		NIL	NIL	NIL
8			INE549K07394	36 months	10.75%		NIL	NIL	NIL
9			INE549K07337	60 months	10.00%		49	76.02	November 5, 2020
10			INE549K07360	60 months	10.25%		31	41.70	November 5, 2020
11			INE549K07402	60 months	10.25%		53	101.14	November 5, 2020
	Total						**133**	**218.86**	

**Security:*

Public Issue 1: Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge in favour of the bond trustee, on current assets, book debts and receivables (both present and future) of the Company.

Public Issue 2: Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge.

Public Issue 3: Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge.admeasuring

54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge.

Details of Unsecured Borrowings:

Our Company's unsecured borrowings (gross of unamortized discount of ₹ 348.82 lakhs) as on June 30, 2019 amount to ₹ 2,71,807.26 lakhs. The details of the individual borrowings are set out below:

Subordinated Debts: (Face value: ₹ 5,00,000)

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding as on June 30, 2019
1	Series 4	66 months	13.4% per annum compounded annually payable under the maturity scheme, 13.4%p.a under annual scheme and 12.75% p.a. under monthly scheme	1,999	September 5, 2013 to January 20, 2014	66 months from date of allotment	8,645.20
2	Series 5	66 months	13.4% per annum compounded annually payable under the maturity scheme, 13.4%p.a under annual scheme and 12.75% p.a. under monthly scheme	19,937	January 21, 2014 to April 17, 2014	66 months from date of allotment	19,941.44
3	Series 6	66 months	13.4% per annum compounded annually payable under the maturity scheme, 13.4% p.a under annual scheme and 12.75% p.a. under monthly scheme	1,084	April 19, 2014 to April 23, 2014	66 months from date of allotment	1,084.25
4	Series 7	72 months	12.25% per annum compounded annually payable under the maturity scheme, 12.25% under annual scheme and 11.60% under monthly scheme	15,848	April 24, 2014 to September 13, 2014	72 months from date of allotment	15,841.03
5	Series 8	72 months	12.25% per annum compounded annually payable under the maturity scheme, 12.25% under annual scheme and 11.60% under monthly scheme.	10,982	October 21, 2014 to February 2, 2015	72 months from date of allotment	10,981.73
6	Series 9	75 months	11.75% per annum compounded annually payable under the maturity scheme, 11.75% under annual scheme and 11.10% under monthly scheme.	14,385	February 3, 2015 to August 2, 2015	75 months from date of allotment	14,385.44
7	Series 10	75 months	11.75% per annum compounded annually payable under the maturity scheme, 11.75% under annual scheme and 11.10% under monthly scheme.	10,457	August 3, 2015 to September 24, 2015	75 months from date of allotment	10,430.01

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding as on June 30, 2019
8	Series 11	84 months	10.41% per annum compounded annually payable under the maturity scheme for 84 months and 10% under monthly scheme for 63 months.	2,989	November 9, 2015 to December 15, 2015	84 months from date of allotment	2,987.99
9	Series 12	80 months	11% per annum compounded annually payable under the maturity scheme for 84 months and 10.25% under monthly scheme for 63 months.	15,340	December 16, 2015 to March 15, 2016	80 months from date of allotment	15,338.70
10	Series 13	80 months	10.94% per annum compounded annually payable under the maturity scheme for 84 months and 10.25% under monthly scheme for 63 months.	29,398	March 16, 2016 to September 15, 2016	80 months from date of allotment	29,397.69
11	Series 14	84 months	10.94% per annum compounded annually payable under the maturity scheme for 84 months, 10.25% per annum compounded annually payable under the maturity scheme for 63 months and 9.75% under monthly scheme for 63 months.	15,216	September 30, 2016 to February 14, 2017	84 months from date of allotment	15,211.50
12	Series 15	96 months	9.06% per annum compounded annually payable under the maturity scheme for 96 months and 9% under monthly scheme for 63 months.	7,181	February 18, 2017 to June 13, 2017	96 months from date of allotment	7,185.02
13	Series 16	96 months	9.06% per annum compounded annually payable under the maturity scheme for 96 months and 9% under monthly scheme for 63 months.	19,893	September 9, 2017 to February 2, 2018	96 months from date of allotment	19,887.15
14	Series 17	96 months	9.06% per annum compounded annually payable under the maturity scheme for 96 months and 9% under monthly scheme for 63 months.	27,183	February 3, 2018 to August 6, 2018	96 months from date of allotment	27,183.42
15	Series 18	96 months	9.06% per annum compounded annually payable under the maturity scheme for 96 months and 9% under monthly scheme for 63 months.	19,541	September 7, 2018 to December 10, 2018	96 months from date of allotment	19,563.48
16	Series 19	96 months	9.06% per annum compounded annually payable under the maturity	5,875	December 21, 2018	96 months from date of allotment	5,875.83

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding as on June 30, 2019
			scheme for 96 months and 9% under monthly scheme for 63 months.				
17	Series 20	96 months	9.06% per annum compounded annually payable under the maturity scheme for 96 months and 9% under monthly scheme for 63 months.	12,040	March 28, 2019		7,908.54
18	Bank of Maharashtra	84 months	11.00% per annum paid monthly	10,000	March 9, 2016 (Date of disbursement)	84 months from date of allotment	10,000.00
				Total			**2,41,848.42**

Our Company has issued unsecured redeemable non-convertible debentures of face value of ₹1,000 each through public issue of which 3558.84 Lakhs is outstanding as on June 30, 2019, the details of which are set forth below*:

(₹ in lakhs)

Sr. No.	Description	Date of Allotment	ISIN	Tenor/ Period of Maturity	Coupon (per annum)	Credit Rating	No. of NCD holders as on June 30, 2019	Amount outstanding as on June 30, 2019	Redemption/ Maturity Date
1.	Unsecured, Redeemable, Listed, Rated Non-Convertible Debentures	October 30, 2014	INE549K08087	72 months	12.00%	CRISIL A (Stable)	1010	2,208.02	October 30, 2020
2.			INE549K08095	72 months	12.25%	CRISIL A (Stable)	534	1,350.82	October 30, 2020

Perpetual Debt Instrument

The Company has issued unsecured, rated, non-convertible, listed perpetual debt instruments on a private placement basis of which ₹ 26,400 lakhs is currently outstanding as on June 30, 2019. The details of which are set out below:

Sr. No.	Description	Date of Allotment	ISIN	Tenor/ Period of Maturity	Coupon (per annum) %	Credit Rating	No. of NCD holders as on June 30, 2019	Amount outstanding as on June 30, 2019	Redemption /Maturity Date
1	Unsecured, rated, non-convertible, listed perpetual debt instruments	November 30, 2008	INE549K08061	Perpetual	12.00	BWR A for ₹14,400 lakhs +₹12,000 lakhs, CRISIL BBB/Stable for ₹14,400 lakhs	253	5,000	Perpetual
2		September 30, 2010	INE549K08079	Perpetual			66	2,600	Perpetual
3		December 21, 2009	INE549K08053	Perpetual			290	5,400	Perpetual
4		August 10, 2009	INE549K08046	Perpetual			115	1,400	Perpetual
5		October 17, 2017	INE549K08152	Perpetual			1	4,800	Perpetual
6		November 2, 2017	INE549K08145	Perpetual			49	2,400	Perpetual
7		February 26, 2018	INE549K08160	Perpetual			36	4,800	Perpetual

	Total							**26,400**	

Commercial Paper

Nil

Corporate Guarantees

As on June 30, 2019, our Company has not issued any corporate guarantees in favour of our Subsidiaries.

Restrictive Covenants under our Financing Arrangements:

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

1. to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;

2. to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;

3. to create or permit any charges or lien on any mortgaged properties;

4. to amend its MOA and AOA or alter its capital structure; and

5. to make any major investments by way of deposits, loans, share capital, etc. in any manner.

Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities.

As on the date of this Draft Prospectus, there has been no default in payment of principal or interest on any existing term loan and debt security issued by the Issuer in the past except

The company has delayed the payment of interest on its rated non convertible debentures (NCD) by three working days. The delay was one off event due to an inadvertent operational error. The interest payment of ₹4.8 lakhs was due on August 2,2018, but payment to investors was made on on August 7, 2018.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

The Company is subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers, past employees and other parties. These legal proceedings are primarily in the nature of (a) consumer complaints, (b) criminal complaints, and (c) civil suits. We believe that the number of proceedings in which we are involved is not unusual for a company of our size in the context of doing business in India.

As on the date of the Draft Prospectus, except as disclosed below, there are no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures, fixed deposits, and arrears on cumulative preference shares, etc., by the Company.

For the purpose of disclosures in this Draft Prospectus, our Company has considered the following litigation as 'material; litigation:

- *all pending proceedings whether civil, arbitral, tax related litigations, or otherwise, of value exceeding more than 1% of our profit after tax as on March 31, 2019, i.e. more than ₹152 lakhs;*
- *any other outstanding legal proceeding which is likely to have a material adverse effect on the financial position, profitability and cash flows of our Company.*

Save as disclosed below, there are no:

1. *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of the Company during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;*

2. *litigation involving the Company, Promoter, Directors, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the position of the Company;*

3. *pending proceedings initiated against the Company for economic offences and default; and*

4. *inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law, or reservations, qualifications or adverse remarks of the auditors of the Company in the last five years immediately preceding the year of issue of this Draft Prospectus against the Company.*

I. <u>Litigations by and against the Company</u>

A. Litigations against the Company

Criminal Proceedings

1. Mr. T.S. Dasaratharaman, a customer of our Company, had filed a complaint before the Judicial First-Class Magistrate Court, Thanjavur, alleging charging of exorbitant rate of interest. The said complaint was dismissed and thereafter Mr. T.S. Dasaratharaman has filed a revision petition against the same which is now pending in the Sessions Court, Thanjavur.

2. The defacto complainant, Ms. Sholly Rajan had filed a petition against our Company in the Judicial First Class Magistrate Court, Kochi for the interim custody of the gold seized by the police, which is pending.

Civil Proceedings

1. Our Company has initiated recovery actions under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 against Samson & Sons Builders and Developers Private Limited for the loan availed by the latter amounting to ₹ 735 lakh. Against the said actions, Ms. Mary Koshy & others, the persons who are claiming to be the previous owners of one of the secured assets, have filed an appeal against our Company before the Debt Recovery Tribunal, Ernakulam, which was dismissed. Subsequently they appealed before Debt Reconvert Appellate Tribunal, Chennai, which was also dismissed.

Thereupon Ms. Mary Koshy & others, claiming to be the previous owners of one of the secured assets, had approached the High Court of Kerala assailing the order of dismissal of DRAT and the High Court allowed the writ petition and directed DRAT to take the appeal on file and dispose the same within 8 months. DRAT has dismissed the appeal. The same has now been challenged before the High Court of Kerala in WP No. 22192 of 2019 and the matter is pending.

2. Our Company had advanced a loan of ₹ 2,500 lakhs to Prabhushanti Real Estate Private Limited ("**Borrower**") against the securities shared with Tamil Nadu Mercantile Bank ("**TMB**") on pari passu basis. Since the said borrower has defaulted in payments, our Company along with TMB has initiated recovery proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 by issuing a demand notice. However, before the possession could be taken, A U Small Finance Bank Ltd initiated insolvency proceedings against the Borrower which stood as guarantor and mortgaged some of its properties to a facility granted by the said bank to one educational trust in the same group. A Resolution Professional is appointed in the matter and the insolvency resolution proceedings are on. The Company and TMB have joined the IBC proceedings along with other lenders. The NCLT had appointed one Authorised Representative ("**AR**") to represent the home buyers, some dispute regarding the appointment of AR was raised before the NCLT. The matter now stands posted for decision of NCLT as to the voting rights / voting pattern of home buyers and the matter is posted for 03-09-2019.

3. Our Company had initiated action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act 2002 against Mr. Haridas Narayana Pillai for the loan availed by him amounting to ₹100 lakhs. The property mortgage for the loan was sold after complying with the due process under the Act and the loan was closed out of the proceeds of the sale price. He has filed a Security Application in DRT, Ernakulam challenging the sale. The matter is partly heard by DRT and Mr. Haridas Narayana Pillai has filed an interim application seeking details of newspaper publication for which we have filed the counter.

4. Our Company had initiated action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act 2002 against Hotel Kings Park Lodge for the loan availed by them amounting to ₹200 lakhs. Symbolic possession of the property mortgaged was taken. Party has challenged the action of taking possession in DRT, Chennai which was dismissed. MFL has moved with District Magistrate Kanchipuram to take physical possession. The appeal filed by the guarantor in DRAT, Chennai challenging the orders of DRT stands dismissed for non-compliance of the mandatory statutory condition as to pre-deposit.

5. Our Company has filed a special leave petition before the Supreme Court of India against the final judgment and order dated November 18, 2009 passed by the division bench of the High Court of Kerala directing our Company to register under the provisions of Kerala Money Lenders Act, 1958, as amended ("**KMLA**"). Our Company has raised the following contentions: (i) it is a company incorporated under the Companies Act, 1956 and not a 'person' within the meaning of the term "money lender" under the KMLA; and (ii) even if considered as a 'person', our Company is an institution established by or under an act of the Parliament since it is registered as an NBFC under the RBI Act, and hence falls under the exception to the definition of "money lender" as provided under Section 2(7)(f) of the KMLA. The matter is pending for hearing and final disposal.

6. Our Company had taken physical possession of the property of Dr. P Mahalingam, mortgaged in favour of MFL as security to the loan sanctioned to Santosh Hospital Private Limited, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 for an amount of ₹3,900 lakhs and additional interest. Santosh Hospitals has approached the Hon'ble High Court, Chennai under Writ Petition thereby challenging the actions taken by the Company under SARFAESI Act, including the physical possession of the hospital taken through the court commissioner. The said writ petition got dismissed. Thereafter, Santosh Hospitals Pvt Ltd filed securitization application before DRT, Chennai challenging the action of taking possession of the secured asset by MFL which also stands dismissed. Now, Santosh Hospitals Pvt Ltd has filed Insolvency proceedings under Insolvency Bankruptcy Code before NCLT, Chennai and Interim Resolution Professional is appointed in the matter. The Interim Resolution Professional demanded MFL to handover the possession of the assets taken by MFL under SARFAESI and the same is objected by MFL contending that the said assets do not belong to the corporate debtor. Pending adjudication of the said claim by IRP, Phoenix ARC has offered its readiness to acquire the debts of Santosh Hospitals Pvt Ltd and NCLT has directed the promoters (whose role stands suspended pursuant to IBC proceedings) of the Hospital and the officials of Phoenix ARC to meet the Chairman and Managing Director of MFL on June 1, 2019 and report the scope of settlement at the hearing scheduled on 12-06-2019. The meeting was held on June 1, 2019

and MFL required them to pay the principal amount of ₹3,900 lakh initially but they have not paid any amount. New RP was appointed pursuant to the orders in MA 591 filed by MFL. In the meanwhile, the Suspended Directors have agreed to pay ₹5,750 lakhs to MFL on or before 23-09-2019.

7. In the account of TN Balachandran, MFL has taken symbolic possession of the secured assets situated at Ettiness Road, Ootty. Challenging the said actions of MFL party has preferred securitisation application before DRT, Coimbatore. The DRT, Coimbatore though passed conditional stay, the stay did not get effected due to non -compliance of the condition by the party. Meanwhile steps were taken by MFL to route the rent from tenants occupying the secured asset, including the branch of MFL, and accordingly the rents from Axis Bank, Sun Paper, Muthoot Fincorp Ltd, aggregating approximately ₹ 1.35 lakhs per month is getting remitted to the loan account. The securitisation application filed by the party is pending before DRT, Coimbatore.

8. The loan account of Ganeshan Pillai turned NPA and actions under SARFAESI Act was initiated by issuing demand notice. Later, the symbolic possession of the secured asset, which is the residential house of the Borrower, was taken and application under section 14 of SARFAESI Act was filed before Chief Judicial Magistrate Court, Kollam seeking assistance for taking physical possession of the secured asset. The Hon'ble Court appointed an Advocate Commissioner to take physical possession of the secured asset who in turn issued notice to the Borrower intimating the recourse that may be taken in case the Borrower either fails to clear the outstanding dues or surrender the secured asset to MFL. Assailing the said notice of the Advocate Commissioner, the Borrower preferred securitisation application before DRT, Ernakulam. MFL entered appearance and filed detailed counter refuting the allegations raised by the Borrower. The case now stands reserved for orders on 30-09-2019.

B. Litigations by the Company

Criminal Proceedings

1. Our Company has moved before the Hon'ble High Court to quash the proceedings of the protest complaint filed by Ms. Nusaiba Haneef for production of gold ornaments before the Magistrate Court under section 94 of the Code of Criminal Procedure, 1973. The gold was previously seized by the police, which was subsequently released to our Company. The amount involved in the transaction sums up to ₹ 6.77 lakh.

2. Our Company has moved before the High Court to quash the proceedings of the protest complaint filed by Ms. Subaida for production of gold ornaments before the Magistrate Court under section 94 of the Code of Criminal Procedure, 1973. The gold was previously seized by the police, which was subsequently released to our Company. The amount involved in the transaction sums up to ₹ 4.18 lakh.

3. Our Company has filed a petition before the Judicial First-Class Magistrate Court against Shine Mon, a customer, for cheating. The customer had availed a loan of ₹ 27 lakh against the security of certain ornaments, the ownership of which was claimed by third party and a cheating case was also filed by such third party against the customer.

4. Mr. Jiju V. Stephen, the accused has pledged gold with our Company which was seized by police in a cheating case. The court had acquitted the accused and had ordered to release the said 39.5 gm gold to him against which our Company had moved before the Hon'ble High Court.

5. Our Company had filed an appeal in the Session Court, Mavelikkara against the order of the magistrate Court in dismissing application filed by our Company for returning gold valuing ₹ 27.7 lakh on conclusion of trial.

Criminal Proceedings under Section 420 of the Indian Penal Code, 1860

Our Company has filed numerous complaints, FIRs and cases of fraud and cheating against customers on account of loan defaults, theft, fraud in relation to pledging of spurious gold/cash embezzlement, and against employees on account of cheating, forgery, cheating, criminal breach of trust, misrepresentation, and wrongful gain under *inter alia* Sections 342, 365, 387 397, 392, 380, 420 of the Indian Penal Code, 1860 ("**IPC**"). As of the date of this Draft Prospectus, there are 87 such complaints pending before various courts. The proceedings related to instances of theft and fraud in relation to pledging of spurious gold/cash embezzlement aggregate to ₹ 605 lakh and 21.03 kg of gold.

Civil Proceedings

1. Ms. Komala, a former employee of our Company whose employment was terminated by our Company, challenged her termination before the labour court and the court had ordered her reinstatement with back wages. The employee has filed an application for computing the back wages. The claim amount involved, as per the employee, is ₹ 28 lakh.

2. Tripple Ess Communications Private Limited has filed a suit against our Company and others before the High Court, Delhi claiming an amount of 76.50 lakh towards payments due against certain outdoor advertising campaigns allegedly undertaken for our Company. Our Company has filed its written statement in the matter.

Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

The Company has filed various complaint and notices under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various entities on account of dishonouring of cheques issued by such entities. As of the date of this Draft Prospectus, there are 259 such complaints pending before various courts. The total amount involved in such cases is approximately ₹ 134.30 lakh.

Other Proceedings

1. On June 1, 2012 the Employees' Provident Fund Organization at Nagercoil issued provisional codes TN/79468 to TN/79532 to 65 branches of Muthoot Fincorp Limited in Kanyakumari district, thereby implying separate and individual compliance of all provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF & MP Act**") by each of the branches. Enforcement Officers ("**EOs**") subsequently issued notices from June 21, 2012 onwards to the 65 branches calling for information under Section 13 of the EPF & MP Act. The EOs filed non-compliance reports in respect of the branches. Muthoot Fincorp Limited has asserted that Muthoot Fincorp Limited should be covered under a single code and compliance with the EPF & MP Act is to be ensured as a Company and not by each branch under a separate code. The Assistant PF Commissioner at Nagercoil has held otherwise in proceedings under Section 7A of the EPF & MP Act and on January 2, 2014 ordered "the employer of the establishment to comply with the EPF & MP Act within seven days of receipt of this order failing which necessary steps shall be taken to determine the dues and recover the amount invoking the provisions as contemplated under Section 8B to 8G of the EPF & MP Act." No further determination of dues or demand has been made. Muthoot Fincorp Limited has filed an appeal against the order in the National Provident Fund Tribunal and the matter is currently pending.

II. Tax litigations involving our Company

1. The Company has filed a Writ Petition before the Honourable High Court of Madras on 30th July, 2019 challenging the Order passed by the Income Tax Settlement Commission, Chennai Bench abating the proceedings before it relating to the Settlement Application filed by the Company dated December 17, 2017 ("Settlement Application"); and praying for stay on proceedings initiated by the Joint Commissioner of Income Tax (OSD), Central Circle, Thiruvananthapuram post abatement of proceedings by the Settlement Commission. The tax and interest due on the issues forming part of the Settlement Application totaled to ₹ 7,406 lakh. The Settlement Application related to notices received under Section 147 of the Income Tax Act, as per which the income chargeable to tax for the Financial Years 2011-12 to 2016-17 of MFL had escaped assessment, and Section 153A of the Income Tax Act, as per which MFL was required to prepare true and correct return of which MFL was assessable for the Assessment Years 2011-2012 to 2016-2017. The proceedings before the High Court of Madras is currently pending.

2. The Assistant Commissioner of Income Tax, Circle 1(1), Trivandrum had raised a demand notice for AY2006-07 on our Company on the alleged grounds that our Company had failed to deduct tax on entire payments made to Muthoot Pappachan Consultancy and Management Services, including reimbursement of expenses made towards the employees of the said firm, for an amount aggregating to ₹ 550.20 lakh, which has completely been adjusted against refunds due to the Company. The stance of the Company was that the tax deducted at source is required to be made only on professional fees paid to the said firm and not on reimbursement of expenses. The ITAT Kochi bench remitted back the file to the assessing officer on the appeal made by our Company, post which the Joint Commissioner of Income Tax/Special Range/Trivandrum made disallowances, the entire demand of which was adjusted against refunds due to the Company. The Company has made an appeal before the CIT (Appeals), Trivandrum and the matter is pending disposal.

3. The Joint Commissioner of Income Tax/Special Range/Trivandrum had raised a demand notice for AY2010-11 aggregating to ₹ 1728.50 lakh on our Company on the alleged grounds that the Company failed to deduct tax on entire payments made to Muthoot Pappachan Consultancy and Management Services, including reimbursement of expenses made towards the employees of the said firm. The stance of the Company was that the tax deducted at source is required to be made only on professional fees paid to the said firm and not on reimbursement of expenses. The Company had remitted ₹ 265 lakh in FY16-17 against the demand. Collection of the balance demand has been stayed by the ACIT/Circle 1(1)/Trivandrum vide order dated July 21, 2016, pending disposal of appeal by the CIT (Appeals), Trivandrum.

4. The Joint Commissioner of Income Tax/Special Range/Trivandrum had raised a demand notice aggregating to ₹2,065.20 lakh for AY2013-14 alleging that our Company had not furnished Form 15G/H from the debenture holders for the interest paid to them as well as disallowing reimbursement of expenses made to Muthoot Pappachan Consultancy and Management Services for non-deduction of tax at source. ₹ 933.50 lakh was adjusted against refunds due to our Company and ₹ 390.60 lakh was remitted by our Company in FY2016-17 against the said demand. Collection of demand has been stayed by the ACIT/Circle 1(1)/ Trivandrum vide order dated July 21, 2016, pending disposal of appeal by the CIT (Appeals), Trivandrum.

5. The Assistant Commissioner of Income Tax (TDS), Trivandrum had raised a demand notice for payment of the tax deducted at source for alleged short-furnishing of details of Form 15G/H collected from customers pertaining to AY2015-16, with a demand aggregating to ₹38,607 lakh. A total of ₹ 586.90 lakh for stay of demand has been remitted and an appeal before the Commissioner of Income Tax (Appeals)/Trivandrum has been filed, which is pending disposal.

6. The Commissioner of Central Excise, Customs & Service Tax (Appeals-III) issued Order-In-Appeal no.592/2014 dated October 30, 2014 ("**Order**"), confirming the Orders-in-Original no.04 & 05/2008 demanding tax amounting to ₹ 17.20 lakh with interest and penalty thereon. The department raised demands on our Company stating that such receipts are liable to Service Tax. Our Company has considered such receipts as exempt, as the same is an Export of Service, not liable to tax in India. Our Company has moved an appeal to the Customs Excise and Service Tax Appellate Tribunal ("**CESTAT**"), Bangalore against the said Order, which is pending hearing.

7. The Service Tax department had raised demands on certain revenues of our Company for the periods prior to FY12-13. Out of the total demand of ₹ 1451.60 lakh, the Company had remitted ₹ 384.69 lakhs, the balance of which is pending as disputed. The pending demand relates to the assignment of receivables, wherein the department has stated that the entire receipts are liable to tax. The Company, based on opinions received from its consultants has filed its appeal before the Customs Excise and Service Tax Appellate Tribunal ("**CESTAT**"), Bangalore, which is pending hearing. Pre-deposit fee of ₹ 50 lakh has been remitted.

8. The Service Tax department had raised demands on our Company on notional consideration arrived on support services provided by the Company to its group concerns aggregating to ₹2,132.10 lakh. The demand also consisted of disallowance of Central Value Added Tax ("**CENVAT**") credit. The Company had availed CENVAT credit pertaining to 5 years together in FY 2012-13. Citing that the credit was reported in the returns as Opening balance and not as credit availed during the period, the department has sought to disallow the entire credit, stating that the returns did not show any closing balance of credit as at the end of FY2011-12. Our Company, based on opinions received from its consultants have filed its appeal before the Customs Excise and Service Tax Appellate Tribunal ("**CESTAT**"), Bangalore, which is pending hearing. ₹ 96.60 lakh has been paid as pre-deposit fee.

9. The Kerala Sales Tax Department has sought to demand tax on our Company under Section 6(2) of the Kerala Value Added Tax Act pertaining to Purchase Tax aggregating to ₹1,432.70 lakh. As the Company does not make any purchase of gold, the demand made by the department has been disputed. The Company has remitted ₹286.50 lakh for stay of recovery and the appeal is pending before the Deputy Commissioner (Appeals), Trivandrum.

10. The Tamilnadu Sales Tax Department has demanded tax on different matters discussed in the Orders issued for the years 2012-13 to 2016-17 agregatting to ₹8,615 lakh. The Company preferred a writ petition before the Hon. High Court of Tamilnadu, by which the Court was pleased to set aside the assessment orders and has remanded the matters for re-consideration and for passing of fresh Orders, after considering the replies and submissions made by the Company. 20% of the total tax demanded, amounting to ₹ 684 lakh has been remitted by the Company, as directed by the High Court

III. Litigations involving the Directors

Civil proceedings involving any director of the Company

1. M. Mathew has filed a suit before the district court at Kottayam, against the Muthoot Pappachan Group and others alleging infringement of the trademark "MUTHOOT". The mark "MUTHOOT" has been registered as a trademark by M. Mathew, Chairman and Managing Director of Muthoot Mercantile Limited. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot on behalf of "Muthoot Pappachan Group", have contended that "Muthoot" is a family name and they have the right to use the same for their business and also that the Muthoot Pappachan Group was using the same much prior to M. Mathew. The matter is currently pending.

2. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot have filed an application before the Intellectual Property Appellate Board, Chennai ("**IPAB**"), to remove/cancel/rectify the trademark "MUTHOOT". The mark "MUTHOOT" has been registered as a trademark by M. Mathew, Chairman and Managing Director of Muthoot Mercantile Limited. The matter is currently pending before the IPAB.

Criminal proceedings involving any director of the Company

1. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot have filed a writ petition for quashing a complaint filed by K. P. Varghese before the Chief Judicial Magistrate, Trivandrum, alleging that exorbitant interest rate is being charged on loans granted by our Company. As per the provisions of the Kerala Money Lenders Act and Kerala Prohibition of Charging Exorbitant Interest Act, charging interest beyond the rates mentioned therein is an offence and hence the complaint is filed before the Chief Judicial Magistrate, Trivandrum. Since the Company, being a RBI regulated entity, is not coming under the preview of the said Acts, the Company has filed a Writ Petition before the Hon'ble High Court, Kerala to protect its interest. The said writ petition has been admitted and the proceedings in the lower court have been stayed. The matter is currently pending.

2. The service tax department has initiated prosecution against Thomas John Muthoot consequent to a tax claim made on another concern. Technically such prosecution will not lie as no claim was made by the department against Thomas John Muthoot. Also, all actions on the assessment made by the department is currently stayed by the appellate tribunal. However, based on a departmental circular, wherein it is mentioned that the they can even initiate criminal action in cases which are stayed by the Tribunal, the department has initiated prosecution before the Chief Judicial Magistrate, Kochi. However, the same is challenged before the high court and the court was pleased to grant a stay in the matter.

Tax proceedings involving any director of the Company

1. **Thomas John Muthoot**

Sr. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
1	2005-06	1,37,05,006	Penalty under Section 271 C of the Income Tax Act.	Penalty was dismissed by ITAT Kochi vide order September 24, 2014. The Income Tax Department had gone on appeal before the Honourable High Court of Kerala. The High Court of Kerala allowed the appeal filed by the department. In this regard, Special Leave Petition has been filed by the assesse and the same has been admitted by the Supreme Court of India.
2.	2005-06	7,43,50,423	Order under Section 143(3) and disallowance under Section 40(a)(ia) of the Income Tax Act.	The appeal was dismissed by the ITAT Kochi and the Honourable High Court of Kerala by orders dated August 28, 2014 and July 03, 2015 respectively. In this regard, the assesse has filed a special leave petition in the Supreme Court of India and the same has been admitted by the Supreme Court.
3.	2006-07	70,49,302	Penalty under Section 271C of the Income	The Honourable High Court of Kerala by way of order dated July 03, 2015 allowed the appeal filed by

Sr. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
			Tax Act.	the Revenue against order of the ITAT. In this regard, the assesse has filed a Special Leave Petition in the Supreme Court of India and the same has been admitted.
4.	2006-07	3,56,55,872	Order under Section 143(3) and disallowance under Section 40(a)(ia) of the Income Tax Act.	The appeal was dismissed by the ITAT Kochi and the Honourbale High Court of Kerala by orders dated August 28, 2014 and July 03, 2015 respectively. Special Leave Petition has been filed by the assesse in this regard and the same has been admitted by Supreme Court of India.
5.	2007-08	69,09,500	Penalty under Section 271 C of the Income Tax Act.	Penalty was dismissed by ITAT Kochi vide order dated September 24, 2014. The Income Tax Department had gone on appeal before the Honourable High Court of Kerala. The High Court of Kerala allowed the said appeal (order dated February 02, 2015). In this regard, the assese has filed a Special Leave Petition and the same has been admitted by Supreme Court of India.
6.	2007-08	3,04,68,287	Order under Section 143(3) and disallowance under Section 40(a)(ia) of the Income Tax Act.	The appeal was dismissed by the ITAT Kochi and the Honorable High Court of Kerala by orders dated August 28, 2014 and July 03, 2015 respectively. Special Leave Petition has been filed by the assesse in this regard and the same has been admitted by Supreme Court of India.
7.	2008-09	8,37,750	Order under Section 143 (3) of the Income Tax Act.	Appeal pending before CIT (Appeals) / Kochi
8.	2008-09	3,56,459	Penalty under Section 271 C of the Income Tax Act.	Appeal allowed by CIT (Appeals), Kochi
9.	2008-09	7,43,260	Tax under Section 143(3) of the Income Tax Act.	Appeal pending before the CIT (Appeals), Trivandrum
10.	2009-10	16,97,280	Order under Section 143 (3) of the Income Tax Act and disallowance under Section 40(a)(ia) of the Income Tax Act.	ACIT /Circle -I /Tvla completed the Assessment making a disallowance of ₹ 46.78 lakhs u/s 40(a) (ia). Appeal against this order was dismissed by CIT(A)/, Kottayam, dated December 12, 2015. Appeal against this order was filed in the Income Tax, Appellate Tribunal, Cochin bench, Cochin. The same was dismissed by way of order dated April 28, 2016. Appeal against the said order was filed in the High Court of Kerala at Ernakulam. The said appeal has been dismissed by the High Court of Kerala vide its order dated July 13, 2016. SLP filed before the Hon. Supreme Court.
11.	2011-12	-	Tax under Section 143(3) of the Income Tax Act and penalty under Section 271(1)(c).	Appeal pending before CIT (A) / Kochi
12.	2012-13	-	Order u/s 143(3) - disallowance u/s 14 A	Appeal against order passed by deputy commissioner of income tax /Circle-1/Tvla. - pending before CIT (A)/ Kochi
13.	2013-14	-	Order u/s 143(3) - disallowance u/s 14 A	Appeal against order passed by assistant commissioner of income tax /Circle-1, Thiruvalla, pending before CIT (A), Kochi.
14.	2011 – 12	26,370	Order u/s 143(3) rws 153A of the Income	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi

Sr. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
			Tax Act (Block Assessment)	
15.	2012-13	63,72,070	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
16.	2013-14	-	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
17.	2014-15	1,50,76,100	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
18.	2015-16	2,15,71,830	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
19.	2016-17	-	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
20.	2017-18	-	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi

2. **Thomas George Muthoot**

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
1.	2003-04	1,28,93,540	Demand under Section 30 of the Wealth Tax Act, 1957	Appeal pending before CWT (Appeals)/ Kochi
2.	2004-05	1,20,88,299	Demand under Section 30 of the Wealth Tax Act.	Appeal pending before CWT (Appeals) / Kochi.
3.	2005-06	1,11,97,107	Demand under Section 30 of the Wealth Tax Act.	Appeal pending before CWT (Appeals) / Kochi.
4.	2005-06	9,53,71,446	Order under Section 143 (3) of the Income Tax Act and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal dismissed by ITAT / Kochi Bench by order dated August 12, 2011
5.	2006-07	1,02,15,920	Demand under Section 30 of the Wealth Tax Act.	Appeal pending before CWT (Appeals) / Kochi
6.	2006-07	1,43,54,083	Penalty under Section 271 C of the Income Tax Act.	Penalty was dismissed by the ITAT Kochi vide its order dated September 24, 2014. The department appealed before the High Court of Kerala and the same was allowed. Special Leave Petition has been filed by Thomas George Muthoot in this regard and the same has been admitted by Supreme Court.
7.	2006-07	7,53,51,608	Order under Section	Appeal was dismissed by ITAT/ Kochi and the

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
			143(3) and 143(4) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Honorable High Court of Kerala vide orders dated August 28, 2014 and July 03, 2014 respectively. Special Leave Petition has been filed by the assesse in this regard and the same has been admitted by Supreme Court of India.
8.	2007-08	91,86,170	Wealth tax	Appeal pending before CWT (Appeals) / Kochi.
9.	2007-08	2,69,12,085	Order under Section 143(3) and 143(4) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal was dismissed by ITAT/ Kochi and the Honorable High Court of Kerala vide orders dated August 28, 2014 and July 03, 2014 respectively. Special Leave Petition has been filed by the assesse in this regard and the same has been admitted by Supreme Court of India.
10.	2008-09	1,41,680	Demand under Section 154 of the Income Tax Act.	Appeal pending before CIT (A) / Kochi
11.	2011-12	-	Order under Section 143(3) of the Income Tax Act.	Appeal pending before CIT (A) / Kochi
12.	2012-13	-	Order u/s 143 (3) - Disallowance u/s 14 A	Appeal against order of the DCIT /Circle-1/Tvla. Pending before CIT (A)/Kochi.
13.	2013-14	-	Order u/s 143 (3) - Disallowance u/s 14 A	Appeal against order of the Assistant CIT /Circle-1, Thiruvalla, pending before CIT (A), Kochi
14.	2011-12	483,750	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
15.	2012-13	1,11,68,000	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
16.	2013-14	45,02,360	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
17.	2014-15	3,28,62,750	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
18.	2015-16	2,84,92,810	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
19.	2016-17	12,01,195	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
20.	2017-18	-	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi

3. **Thomas Muthoot**

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
1.	2005-06	18,18,200	Penalty under Section 271 C of the Income Tax Act.	Penalty was dismissed by ITAT Kochi vide order dated August 24, 2014. The department had appealed before the Honorable High Court of Kerala and the same was admitted. In this regard, Special Leave Petition has been filed in Supreme Court of India and the same has been admitted.
2.	2005-06	1,06,17,873	Order under Section 143(3) of the Income Tax Act and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal was dismissed by ITAT /Kochi and Honorable High Court of Kerala by orders dated August 28, 2014 and July 03, 2015 respectively. In this regard, Special Leave Petition has been filed in the Supreme Court of India and the same has been admitted.
3.	2006-07	15,69,664	Penalty under Section 271 C of the Income Tax Act.	The Honorable High Court by order dated July 03, 2015 allowed the appeal filed by the Revenue against the order of the ITAT Kochi. In this regard Special Leave Petition has been filed by the assesse in the Supreme Court of India and the same has been admitted.
4.	2006-07	83,09,102	Order under Section 143(3) of the Income Tax Act.	Appeal was dismissed by ITAT /Kochi and Hon. High Court of Kerala by orders dated August 28, 2014 and July 03, 2015 respectively. In this regard, Special Leave Petition has been filed in the Supreme Court of India and the same has been admitted.
5.	2007-08	30,60,400	Penalty under Section 271 C of the Income Tax Act.	Penalty was dismissed by ITAT Kochi by order dated September 09, 2014. The department had gone on appeal before the Honorable High Court of Kerala and the same was allowed. In this regard, Special Leave Petition has been filed in the Supreme Court of India and the same has been admitted.
6.	2007-08	1,29,78,162	Order under Section 143(3) of the Income Tax Act.	Appeal was dismissed by ITAT /Kochi and Honorable High Court of Kerala by orders August 28, 2014 and July 03, 2015 respectively. In this regard, Special Leave Petition has been filed in the Supreme Court of India and the same has been admitted.
7.	2008-09	9,29,923	Order under Section 271(1) C of the Income Tax Act.	Appeal pending before CIT (A) / Kochi.
8.	2008-09	1,23,370	Order under Section 143(3) of the Income Tax Act.	Appeal pending before CIT (A) / Kochi.
9.	2011-12	-	Order under Section 143(3) of the Income Tax Act.	Appeal pending before CIT (A) / Kochi.
10.	2012-13	-	Order u/s 143(3) - Disallowance u/s.14 A of the Income Tax Act, 1961.	Appeal against order passed by DCIT, Circle-1, Thiruvalla, pending before CIT (A), Kochi.
11.	2013-14	-	Order u/s 143(3) - Disallowance u/s.14 A of Income Tax Act, 1961.	Appeal against order passed by Assistant CIT /Circle-1, Thiruvalla, pending before CIT (A), Kochi.
12.	2011-12	-	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
13.	2012-13	-	Order u/s 143(3) rws 153A of the Income	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
			Tax Act (Block Assessment)	
14.	2013-14	84,70,010	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
15.	2014-15	3,11,48,770	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
16.	2015-16	3,14,11,810	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
17.	2016-17	3,76,50,585	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
18.	2017-18	54,84,474	Order u/s 143(3) rws 153A of the Income Tax Act (Block Assessment)	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
19.	2011-12	23,000	Penalty u/s 271 (1) (c) for the AY 2011-12	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi
20.	2013-14	175,000	Penalty u/s 271 (1) (c) for the AY 2013-14	Appeal filed against the order ,which is pending before the CIT (Appeals) – III, Kochi

IV. <u>Litigations involving Group Companies</u>

A. Civil proceedings involving the Group Companies

MPG Hotels & Infrastructure Venutres Private Limited (“MPG Hotels”)

1. The Company issued a purchase order to R K Sales, a proprietary concern for the supply of doors, wardrobe, etc. for its 5 star hotel at Trivandrum. The said party supplied defective goods which it agreed to replace as per communications with MPG Hotels. However, the replaced goods were also defective and hence MPG Hotels procured the goods from other suppliers. Since the party supplied inferior quality goods, MPG Hotels did not pay for the said goods. The party filed a claim petition before UP State Micro & Small Enterprises Facilitation Council and preliminary objection was filed by MPG Hotels. However, pending conciliation, the Council passed an order directing to pay an amount of ₹ 92,69,453 and an interest of ₹ 97,89,300.41, aggregating to a total of ₹ 1,90,58,753.41. Aggrieved by the said award, MPG Hotels has filed the Writ Petition. The order of the council is stayed by the Allahabad, High Court. The matter is pending for hearing and disposal.

2. Muthoot Skychef (a unit of Muthoot Hotels & Infrastructure Ventures Private Limited) filed a writ petition (W.P.(C) No. 965 of 2010) under Article 226 of the Constitution, before the High Court of Kerala at Ernakulam on January 9, 2010, against Senior Manager (Commercial), Trivandrum International Airport and others. Thereunder the Muthoot Skychef prayed to the court, inter alia to issue a writ of certiorari in respect of quashing the claim raised by the Airport Authority at Thiruvananthapuram for payment of license fees/royalty payable by the in-flight caterers (operating outside airport premises) which had been enhanced exorbitantly and given retrospective enforcement. Muthoot Skychef also prayed for interim relief to stay the operation of and all further proceedings pending the disposal of the case. The High Court by way of its order dated May 20, 2013, dismissed the petition on the grounds that the rate of license fees charged was substantially scaled down later, and the retrospective operation had also been taken away. Subsequently, the company filed an appeal (Writ Appeal No. 759 of 2013) before the High Court of Kerala at Ernakulam (Appellate Jurisdiction) and also submitted a reply affidavit on June 15, 2013. By way of its order dated July 12, 2013, the High Court dismissed the appeal and stated that the license fees which had been imposed on the company were valid and

duly payable by the company. The company has filed a special leave petition dated July 27, 2013 in the Supreme Court of India (Civil Appellate Jurisdiction) praying for the court to grant special leave to appeal from the final impugned judgment and order dated July 12, 2013 passed by the High Court. The matter is currently pending for final hearing and disposal.

3. MPG Hotels built a software complex Muthoot Technopolis within the Cochin Special Economic Zone Authority ("**CSEZA**"), wherein software companies are the occupants. CSEZA is the distribution licensee for electricity supply. MPG Hotels was to provide electricity supply connections to sub-lessee/purchasers in Muthoot Technopolis and to collect charges. At all times the MPG Hotels performed as per the conditions laid down by CSEZA. This licensee CSEZA has no case that, MPG Hotels violated any of the conditions stipulated therein. As required by the licensee and as insisted, MPG Hotels shared electricity from High Tension ("HT") electric connection with the subleases/purchasers of Muthoot Technopolis. The licensee never asked MPG Hotels to collect electricity duty @ 10% of energy charges from the subleases / purchasers and never required MPG Hotels to remit it to the licensee or to the state government. The licensee collected electricity duty at HT rates for the entire consumption of electricity metered at the point of supply. As a consumer of HT electricity under CSEZA distribution licensee, MPG Hotels did everything as required by the licensee only. Thereby, MPG Hotels is not at all liable to pay electricity duty applicable to Low Tension ("LT") electricity supply which was never used by MPG Hotels and which was used by others as required by the licensee. A demand notice for ₹ 91,09,820.00 towards electricity duty arrears for the period from 04-2011 to 003-2016 dated 02-03-2017 has been issued to MPG Hotels. A writ petition has been filed by MPG Hotels praying to quash the demand notice and notice of disconnection. The court has stayed the operation of the notice of disconnection. Matter is currently pending.

B. Criminal proceedings involving the Group Companies

Muthoot Microfinance Limited ("MML")

1. A first information report ("**FIR**") was filed by MML, on October 07, 2017 in relation to an alleged robbery that took place on October 06, 2017, wherein the perpetrator seized, *inter alia,* cash amounting to 0.30 lakh from the complainant. The charge sheet on the matter was submitted by the investigating officer before the Court of Judicial Magistrate of First Class, Konark on November 30, 2017.This matter is currently pending.

2. Another FIR was filed by MML on December 26, 2017 in relation to an alleged robbery of cash amounting to ₹0.60 lakh, that took place on December 21, 2017. This matter is currently pending.

3. A FIR was filed by MML on March 07, 2017, in relation to an alleged fraudulent misappropriation of funds amounting to ₹8.50 lakh. The charge sheet on the matter was submitted by the investigating officer before the Court of Judicial Magistrate, Nanguneri on May 15, 2017. This matter is currently pending.

4. A FIR was filed by MML on April 07, 2018, in relation to an alleged robbery that took place at the MML office located near one of MML's branches, wherein the perpetrators took, inter alia, cash amounting to ₹3.40 lakh collected by the debt collection officers of MML from certain women self-help groups. This matter is currently pending.

5. A FIR was filed by MML on December 03, 2016, in relation to fraudulent misappropriation of loan repayment amounts collected from certain self-help groups, aggregating to ₹19.70 lakh by a former employee of MML. This matter is currently pending.

6. A police complaint was filed by MML on October 27, 2016, against a former relationship officer of MML, in relation to an alleged misappropriation of funds amounting to ₹14 lakh. Subsequently, a petition was filed by MML before the Madurai Bench of the Madras High Court ("**Madurai Bench**"), wherein MML has sought a direction to the Inspector of Police, District Crime Branch, Virudhunagar District ("**Inspector of Police**"), to register a case on the basis of MML's complaint. The Madurai Bench has, by way of its order dated November 28, 2016, directed the Inspector of Police to expedite the enquiry in the matter and complete the same within a period of two weeks from the date of receipt of a copy of the order. This matter is currently pending.

7. A FIR was registered by MML on November 29, 2017, against certain former group loan recovery staff members working in one of MML's branches. The three suspects had between the period November, 2016 and June, 2017, allegedly misused and misappropriated an amount of ₹6.10 lakh collected from the borrowers, instead of depositing the money with MML. This matter is currently pending.

8. A FIR was registered by MML on December 25, 2017, against certain former employees of MML. The suspects had during their employment with MML, allegedly sanctioned loans to the members without actually giving them the money and had recovered the loans from a few members but had not deposited the money to MML, thereby misusing and misappropriating an amount of ₹13.3 lakh. This matter is currently pending.

9. A police complaint was filed by MML on March 14, 2018, against certain former relationship officers of MML, who had allegedly collected amounts aggregating to ₹0.80 lakh from the associations of MML but did not deposit the money to MML. This matter is currently pending.

10. A police complaint was filed by MML, on February 24, 2018, against certain former officials of MML, in relation to an alleged fraudulent misappropriation of funds aggregating to ₹6.20. This matter is currently pending.

11. A police complaint was filed by MML, on December 15, 2017 against certain former officials of MML, in relation to an alleged fraudulent misappropriation of funds amounting to ₹3.70 lakh. This matter is currently pending.

V. Litigations by and against our Promoters

Except as disclosed below, there are no other outstanding important legal proceedings involving our Promoters.

(a) Criminal Proceedings

Since our Promoters, Mr. Thomas Muthoot, Mr. Thomas John Muthoot and Mr. Thomas George Muthoot are also directors of our Company, please refer to the section of Criminal proceedings against our Directors on page 413 of this Draft Prospectus.

(b) Civil proceedings

Since our Promoters, Mr. Thomas Muthoot, Mr. Thomas John Muthoot and Mr. Thomas George Muthoot are also directors of our Company, please refer to the section of Civil proceedings against our Directors on page 413 of this Draft Prospectus.

(c) Tax proceedings

Since our Promoters, Mr. Thomas Muthoot, Mr. Thomas John Muthoot and Mr. Thomas George Muthoot are also directors of our Company, please refer to the section of Tax proceedings against our Directors on page 413 of this Draft Prospectus.

VI. Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiaries in the last three years along with Section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company and its Subsidiaries in the last three years

NIL

VII. Details of litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last five years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of this Draft Prospectus.

NIL

VIII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon.

NIL

IX. Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this offer letter 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.

NIL

X. Details of acts of **material frauds committed against the Company in the last five years, if any, and if so, the action taken by the Company in response**

There have been instances of fraud, which are inherent in the nature of the business of the Company. However, there is no material fraud committed against the Company in the last five Fiscals The total amount involved in all acts of fraud committed against the Company in the last five Fiscals is set forth below:

(₹ in lakhs)

Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
65 cases of fraud aggregating to ₹206.55 lakhs	723 cases of fraud aggregating to ₹451.42 lakhs	837 cases of fraud aggregating to ₹520.76lakhs	995 cases of fraud aggregating to ₹881.09 lakhs	796 cases of fraud aggregating to ₹541.32lakhs

In light of the frauds committed against the Company, the recruitment policy and related systems of the Company have been reviewed and a series of checks and balances such as panel evaluation before recruitment, antecedent/ back ground verification of a candidate and police verification have also been introduced. The Company has also strengthened its internal audit system to minimise the instances of internal frauds. Further, the Company has taken several steps to increase the security at its branches, including installation of burglar alarms, surveillance systems and deployment of emergency response team.

REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs ("**NBFC-ND**").

As at April 16, 2019, the RBI issued a *Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016*, *(as updated from time to time)* applicable to all NBFC-NDSI's.

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal business' has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than 30th December of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the Master Direction – Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Peer to Peer Lending Platform (Reserve Bank) Directions, 2017 ("**Peer to Peer Regulations**"), Reserve Bank Commercial Paper Directions, 2017 ("**Commercial Papers Directions**") and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard, unless they have received an Authorised Dealer Category II licence from the RBI.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

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

- Asset finance companies;
- Investment companies;
- Systemically Important Core Investment Company;
- Loan companies and/or
- Infrastructure finance companies.
- Infrastructure debt fund - NBFCs;
- NBFC - micro finance institutions;
- NBFC –Factors;
- Mortgage guarantee companies;
- NBFC- non-operative financial holding company; and
- Non-Banking Financial Company-Peer to Peer Lending Platform.

The Company has been classified as an NBFC-ND-SI.

Systemically Important NBFC-NDs

As per the NBFC Master Directions, the revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lakh and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lakh and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the RBI circular DNBS (PD) CC. No.134/03.10.001/2008-2009 dated February 4, 2009, all NBFCs with an asset size of ₹10,000 lakh are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Prudential Norms

The RBI Master Circular on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ("**ND-SI-Directions**"), amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The ND-SI-Directions state that the credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Corporate governance norms

As per the ND-SI-Directions, all NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, RBI *vide* notification dated November 10, 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the 'fit and proper criteria' at the time of appointment of directors and on a continuing basis.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 11, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, with effect from April 1, 2007, a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II Capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I Capital.

Tier-I Capital, has been defined in the ND-SI Directions as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10 per cent of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on 31st March of the previous accounting year.

Owned Funds, has been defined in the ND-SI Directions as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital has been defined in the ND-SI Directions, includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55 per cent; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15 per cent of the Tier -I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Direction, 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 per cent of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25 per cent of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15 per cent of its owned funds, and in the shares of a single group of companies exceeding 25 per cent of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5 per cent of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25 per cent of its owned funds to or in single party and 40 per cent of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC ND SI may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment.

Asset Classification

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

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

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹200 lakh. For this purpose, the RBI Act has defined "net owned fund" to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹200 lakh may continue to carry on the business of non banking financial institution, if such company achieves net owned fund of:

(i) ₹100 lakh before April 1, 2016; and
(ii) ₹200 lakh before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹10,000 lakh or more or holding public deposits of ₹20,000 lakh or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI, *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the Master Direction –Non-Banking Financial Company –Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time ("RBI Master Directions") has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12%. The RBI Master Directions has issued guidelines with regard to the following:

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

(ii) NBFCs shall not grant any advance against bullion / primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

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

(iv) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(v) Verification of the Ownership of Gold: NBFCs should have an explicit Board approved policy in their overall loan policy to verify ownership of the gold jewellery, and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy. Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:

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

(vi) Other Instructions:

  (a) NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹500,000.
  (b) Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.
  (c) Documentation across all branches must be standardized.

(d) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards ("**IAS**") and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. The Ministry of Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same shall be applicable to the Company from April 1, 2018.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹ 0.10 lakh and above, and if the fraud is of ₹100 lakh or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-SI, the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on 31st March of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding *inter alia* asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits ("**CRILC**") on a quarterly basis as well as all Special Mention Accounts-2 ("**SMA-2**") status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All systematically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework ("**IT**") business continuity planning, disaster recovery and management. NBFCs must constitute a IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan Plan must be formulated to address cyber intrusions and attacks. It has to be implemented by applicable NBFCs by June 2018.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("**Risk Management Directions**"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies/entities; and (v) further lending to individuals for the purpose of subscribing to an initial public offer.

Norms for excessive interest rates

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than 30th December of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

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 per cent of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15 per cent 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.

Foreign Investment Regulations

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("**FDI**") Policy and Foreign Exchange Management Act, 1999 ("**FEMA**"). The government bodies responsible for granting foreign investment approvals are the concerned ministries/ departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the Department of Industrial Policy & Promotion ("**DIPP**") issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "**Competent**

Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA prevails.

The Consolidated FDI Policy consolidates the policy framework in place as on August 27, 2017. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India. Under the approval route, prior approval from the relevant ministry and competent authorities, as per the procedure established under the Standard Operating Procedure for Processing FDI Proposals ("**SOP**") dated June 29, 2017 or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100 per cent FDI/ Non-Resident Indian ("**NRI**") investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on

October 23, 2015.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("*SARFAESI Act")*

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non - Performing Asset ("**NPA**"). Securitisation Companies and Reconstruction Companies ("**SCs/RCs**") are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60 per cent of the amount outstanding to a borrower as against 75 per cent. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting *inter alia* any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

Companies Act, 2013

The Companies Act, 2013 ("**Companies Act**") has been notified by the Government of India on August 30, 2013 (the "**Notification**"). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March

26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act every company having net worth of ₹50,000 lakh or more, or turnover of ₹1,00,000 lakh or more or a net profit of ₹500 lakh or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on July 29, 2019, the Directors approved the issue of NCDs to the public, upto an amount not exceeding ₹90,000 lakhs including a green shoe option, in one or more tranches. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders at the EGM held on June 3, 2014.

Prohibition by SEBI

Our Company, persons in control of our Company, Directors of our Company and/or our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Promoters or Directors have been declared as a Fugitive Economic Offender.

Other confirmations

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

Disclaimer 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, SMC CAPITALS 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 SMC CAPITALS LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT ALL COMMENTS/COMPLAINTS RECEIVED ON THIS DRAFT PROSPECCTUSFILED ON THE WEBSITE OF STOCK EXCHANGE WILL BE SUITABLY ADDRESSED.

Disclaimer Clause of BSE

[•]

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION APRIL 13, 2002 BEARING REGISTRATION NO. N-16.00170 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
SMC Capitals Limited	www.smccapitals.com

Listing

The NCDs proposed to be offered through this Prospectus are proposed to be listed on the BSE. An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange are taken within 6 (six) Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription or failure to achieve minimum subscription to any one or more of the Series, such Series(s) of NCDs shall not be listed.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus.

Consents

Consents in writing of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) Chief Financial Officer; (d) Statutory Auditors; (e) legal advisor to the Issue; (f) Lead Manager; (g) the Registrar to the Issue; (h) Public Issue Account Bank; (i) Refund Banks; (j) Credit Rating Agencies; (k) the Bankers to our Company; (l) the Debenture Trustee; and (m) the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Draft Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Draft Prospectus with the Stock Exchange.

The consents of the Statutory Auditors of our Company, namely M/s. Rangamani & Co, Chartered Accountants, for (a) inclusion of their name as the Statutory Auditor; (b) examination reports on Reformatted Financial Statements in the form and context in which they appear in this Draft Prospectus; (c) audit report on Financial Statements in the form and context in which they appear in this Draft Prospectus; and (d) report on the Statement of Tax Benefits dated September 3, 2019 in the form and context in which it appears in this Draft Prospectus, have been obtained and the same will be filed along with a copy of the Prospectus with the RoC.

Expert Opinion

Except the (i) Statutory Auditor's report on our reformatted audited financials for the Financial Years ending March 31, 2018, 2017, 2016 & 2015 issued by M/s. Rangamani & Co, Chartered Accountants, dated August 17, 2019; (ii) Statutory Auditor's report on Audited Standalone Financials for the Financial Year ending March 31, 2019 issued by M/s. Rangamani & Co, Chartered Accountants, dated May 30, 2019 and the report on Audited Consolidated Financials for the Financial Year ending March 31, 2019 issued by M/s. Rangamani & Co, Chartered Accountants, dated August 17, 2019; (iii) Statement of Tax Benefits issued by M/s. Rangamani & Co, Chartered Accountants, dated September 3, 2019; (iv) Credit rating letter issued by Briwckworks Ratings India Private Limited dated August 29, 2019, in respect of the credit rating issued for this Issue which furnishes the rationale for its rating, our Company has not obtained any expert opinions.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

This Draft Prospectus is being filed with the designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

Debenture Redemption Reserve ("DRR")

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

Issue related expenses

For details of Issue related expenses, see "*Objects of the Issue*" on page 55.

Reservation

No portion of this Issue has been reserved.

Details regarding the public issue during the last three years by our Company and other listed companies under the same management

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956 during the last three years.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares in the last five years.

Previous Issues of NCDs

On August 2, 2014, the Company issued 19,39,872 secured non-convertible debentures of face value ₹1,000 each aggregating to ₹1,93,98,72,000 by way of a public issue which opened on July 3, 2014 and closed on July 22, 2014. The electronic credit of the bonds to investors pursuant to this public offer was completed on August 4, 2014. 99.17% of the issue proceeds were used for on-lending and 0.83% of the issue proceeds were used towards issue expenses.

On October 30, 2014, the Company issued 24,71,693 secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,71,693,000 by way of a public issue which opened on September 15, 2014 and closed on October 16, 2014. The electronic credit of the bonds to investors pursuant to this public offer was completed on October 30, 2014. 99.43% of the issue proceeds were used for on-lending and 0.57% of the issue proceeds were used towards issue expenses.

On September 21, 2015, the Company issued 30,00,000 secured non-convertible debentures of face value ₹1,000 each aggregating to ₹3,00,00,00,000 by way of a public issue which opened on September 28, 2015 and closed on October 27, 2015. The electronic credit of the bonds to investors pursuant to this public offer was completed on November 5, 2015. 98.37% of the issue proceeds were used for on-lending and 1.63% of the issue proceeds were used towards issue expenses.

There are no capital issues made by any company under same management within the meaning of the Companies Act 2013, during the last three 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.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Cochin, India.

Commission or Brokerage on Previous Issues

An expense of ₹345 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹30,00,00,0000 pursuant to the prospectus dated September 21, 2015.

An expense of ₹18 lakhs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,71,693,000 pursuant to the prospectus dated September 4, 2014.

An expense of ₹11 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹1,93,98,72,000 pursuant to the prospectus dated June 25, 2014.

Details of the use of proceeds for on-lending from previous public issue of debt securities

Lending Policy

Please refer to the paragraph titled "*Our Company's Business – Gold loans*" under Chapter "*Our Business*" at page 80.

Loans given by the Company

Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of the previous public issue of debt securities.

Company has provided the following loans to Group Entities/Promoters

Sr. No.	Name of the Borrower (A)	Amount of exposures to such borrower (Group) (B)	Percentage of Exposure: (C) = B/Total AUM
1	Muthoot Pappachan Technologies	136,500,000	0.12%
2	Muthoot Motors, Cochin	6,489,620	0.01%
3	Thomas John Muthoot	670,000,000	0.59%
4	Thomas George Muthoot	660,000,000	0.58%
5	Thomas Muthoot	660,000,000	0.58%

Types of loans

The loans given by the Company as on March 31, 2019 is as follows:

(₹ in lakhs)

Type of Loans	Amount
Secured	11,31,228
Unsecured	77,610
Total assets under management (AUM) *	**12,08,838**

* Assets under Management includes the gross total loan assets and interest accrued on loans before provision for impairment and is net of unamortised processing fee

Sectoral Exposure

Sr. No	Segment- wise breakup of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	3.18%
B	Gold loans	86.68%
C	Vehicle Finance	0.00%
D	MFI	0.50%
E	M &SME	9.51%
F	Capital market funding (loans against shares, margin funding)	0.00%
G	Others	0.13%
2	**Wholesale**	
A	Infrastructure	0.00%
B	Real estate (including builder loans)	0.00%
C	Promoter funding	0.00%
D	Any other sector (as applicable)	0.00%
E	Others	0.00%
	Total	**100.00%**

Residual Maturity Profile of Assets and Liabilities

As at March 31, 2019	1 to 30/ 31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 year	over 3 to 5 years	Over 5 years	Total
Deposits	97	-	-	-	-	120	-	6,499	6,716
Advances	1,60,939	48,917	61,058	2,47,052	6,37,210	33,293	-	-	11,88,469
Investments	2,709	-	283	196	229	808	1,610	1,78,936	1,84,771
Borrowings	45,423	31,405	42,501	2,14,496	5,10,219	1,31,861	92,844	54,759	11,23,508
Foreign Currency	-	-	-	-	-	-	-	-	-

assets									
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Denomination of loans outstanding by ticket size as on March 31, 2019

Sr. No.	Ticket Size	Percentage of Gold loan
1	Upto ₹ 2 lakh	91.02%
2	₹ 2-5 lakh	6.09%
3	₹ 5-10 lakh	2.14%
4	₹ 10-25 lakh	0.68%
5	₹ 25-50 lakh	0.07%
6	₹ 50 lakh - 100 lakh	0.01%
7	₹ 100 lakh -500 lakh	0.00%
8	₹ 500 lakh – 2500 lakh	0.00%
9	₹ 2,500 lakh – 10,000 lakh	0.00%
10	> ₹ 10,000 lakh	0.00%
		100.00%

Denomination of loans outstanding by LTV as on March 31, 2019

Sr. No.	Ticket Size	Percentage of Gold loan
1	Upto ₹ 2 lakh	91.02%
2	₹ 2 lakh -5 lakh	6.09%
3	₹ 5 lakh -10 lakh	2.14%
4	₹ 10 lakh -25 lakh	0.68%
5	₹ 25 lakh -50 lakh	0.07%
6	₹ 50 lakh - 100 lakh	0.01%
7	₹ 100 lakh -500 lakh	0.00%
8	₹ 500 lakh - 2500 lakh	0.00%
9	₹ 2,500 lakh - 10,000 lakh	0.00%
10	> ₹ 10,000 lakh	0.00%
		100.00%

Geographical classification of borrowers as on March 31, 2019

Sr. No.	Top 5 states	Percentage of Gold loan
1	Tamil Nadu	20.64%
2	Karnataka	18.18%
3	Kerala	14.98%
4	Andhra Pradesh	8.86%
5	Telangana	8.57%
	Total	**71.23%**

Details of top twenty borrowers

(₹in lakhs)

Sr. No.	Name	Amount
1	Thomas John Muthoot	6,700
2	Thomas George Muthoot	6,600
3	Thomas Muthoot	6,600
4	Muthoot Pappachan Technologies Ltd	1,365
5	Santhosh Hospital P Ltd	3,908
6	Prabhu Shanti Real Estate	2,515
7	Pandhey Infracons Pvt Ltd	1,501
8	M/S Tech Sharp Engineers P Ltd	1,400
9	Concept Management Consulting P Ltd	1,292
10	Baby Marine Exports	1,200

11	Samson &Sos Builders		733
12	Sundaram Bnp Paribas Home/Ganga		701
13	M/S Synergy Resources (India) Pvt Ltd		494
14	M/S Margdarshak Financial Service		385
15	Valamangalam Horticulture		300
16	M/S T N Balachandran/Lakshmi Hardware		295
17	Ganesh Pillai		200
18	M/S Bosino International		190
19	Hotel Kings Park		181
20	Sanyog Enterprises (P) Ltd		162

Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31, 2019

Particulars	Amount
Total Advances to twenty largest borrowers *(₹in lakhs)*	36,721.95
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	3.34%

Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2019

Particulars	Amount
Total Exposures to twenty largest borrowers/Customers *(₹in lakhs)*	40,603.54
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers/Customers	3.69%

Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2019

1. ***Movement of Gross NPAs***

(₹in lakhs)

Movement of gross NPAs	Amount
(a) Opening balance	21,778.54
(b) Additions during the year	16,322.99
(c) Reductions during the year	3,484.28
(d) Closing balance	34,617.25

2. ***Movement of provisions for NPAs (excluding provisions on standard assets)***

(₹in lakhs)

Movement of provisions for NPAs	Amount
(a) Opening balance	5,128.05
(b) Provisions made during the year	4,364.05
(c) Write-off / write -back of excess provisions	4,364.05
(d) closing balance	8,965.41

3. ***Segment–wise gross NPA***

S. no	Segment- wise breakup of gross NPAs	Gross NPA (%)
1	**Retail**	
a	Mortgages (home loans and loans against property)	35.98%
b	Gold loans	40.07%
c	Vehicle Finance	0.00%
d	MFI	15.33%
e	M &SME	8.54%
f	Capital market funding (loans against shares, margin funding)	0.00%
g	Others	0.07%
2	**Wholesale**	
a	Infrastructure	0.00%
b	Real estate (including builder loans)	0.00%
c	Promoter funding	0.00%
d	Any other sector (as applicable)	0.00%

S. no	Segment- wise breakup of gross NPAs	Gross NPA (%)
e	Others	0.00%
	Total	**100.00%**

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

Agreement dated August 27, 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 NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Registrar to the Issue

Catalyst Trusteeship Limited
GDA House, Plot No 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038
Tel: +91 20 2528 0081
Fax: +91 20 2528 0275
E-mail: dt@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Mr. Umesh Salvi
SEBI Registration No.: IND000000034
CIN: U74999PN1997PLC110262

Compliance Officer of our Company

T.D. Mathai has been appointed as the Compliance Officer of our Company for this Issue.

The contact details of Compliance officer of our Company are as follows:

T.D. Mathai
Company Secretary
Muthoot Centre, Punnen Road
Trivandrum - 695034
Tel: +91 471 3911649
Fax: +91 471 2331560
Email: cs@muthootfincorp.com

Change in Auditors of our Company during the last three years

Name	Address	Date of appointment / resignation	Auditor of our Company since (in case of resignation)	Remarks
M/s. A. Cherian & Associates, Chartered Accountants	A Cherian & Associates, Chartered Accountants Puthuparampil, Manganam P.O., Kottayam - 686018	2006 (Appointment) September 25, 2017(Resignation)	2006	NIL

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in this Draft Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹ 25,000 lakhs, with an option to retain over-subscription up to ₹ 25,000 lakhs, aggregating up to ₹ 50,000 lakhs, on the terms and in the manner set forth herein.

The Issue has been authorized by resolution of the Board passed during meeting held on May 28, 2019.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Muthoot Fincorp Limited
Lead Manager	SMC Capitals Limited
Debenture Trustee	Catalyst Trusteeship Limited
Registrar to the Issue	Integrated Registry Management Services Private Limited
Type and nature of Instrument	Secured, redeemable, non-convertible debentures
Face Value of NCDs (₹ /NCD)	₹ 1,000
Issue Price (₹ /NCD)	₹ 1,000
Minimum Application	10 NCDs i.e., ₹ 10,000 (across all Options of NCDs)
In Multiples of	One NCD after the minimum Application
Seniority	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The NCDs would constitute secured obligations of our Company and shall have subservient charge ranking *pari passu* with the existing secured creditors of similar ranking on all current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value 1 time of the debentures outstanding plus interest accrued thereon
Mode of Issue	Public issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹ 18,750 lakhs
Issue	Public issue by our Company of NCDs aggregating up to ₹ 25,000 lakhs, with an option to retain over-subscription up to ₹ 25,000 lakhs, aggregating up to ₹ 50,000 lakhs, on the terms and in the manner set forth herein
Base Issue	₹ 25,000lakhs
Stock Exchange proposed for listing of the NCDs	BSE Limited
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closure
Depositories	NSDL and CDSL
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of (i) subservient charge on certain loan rceivables (both present and future) of the company in favour of Debenture Trustee; and (ii) exclusive mortgage and first charge over the immovable property admeasuring 5.19 cents situated at Survey No: 537, Samugarengapuram Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu.
Security Cover	Our Company shall maintain a minimum 100% security cover on the outstanding balance of the NCDs plus accrued interest thereon

<table>
<tr><td>Who can apply *</td><td>Category I

• Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks;
• Co-operative banks and regional rural banks, which are authorised to invest in the NCDs;
• Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, 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; and
• Systemically Important NBFCs.

Category II

• Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
• Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
• Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
• Association of persons;
• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
• Partnership firms in the name of the partners;
• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
• Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs.

Category III*

• Resident Indian individuals; and
• Hindu undivided families through the Karta.
* applications aggregating to a value not more than ₹ 5 lakhs</td></tr>
<tr><td>Credit Rating</td><td>
<table>
<tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating rationale letter</th><th>Amount rated (₹ in lakh)</th><th>Rating Definition</th></tr>
<tr><td>Brickworks</td><td>NCDs</td><td>BWR A+</td><td>August 23, 2019</td><td>50,000</td><td>adequate degree of safety regarding timely servicing of financial obligations and carry lowest credit risk</td></tr>
</table>
</td></tr>
<tr><td>Issue Size</td><td>Public issue by our Company of NCDs aggregating up to ₹25,000 lakhs, with an option to retain over-subscription up to ₹25,000 lakhs, aggregating up to ₹50,000 lakhs</td></tr>
<tr><td>Pay-in date</td><td>Application Date. The entire Application Amount is payable on Application</td></tr>
<tr><td>Application money</td><td>The entire Application Amount is payable on submitting the Application</td></tr>
<tr><td>Mode of payment</td><td>Please see “Issue Procedure” on page 462</td></tr>
<tr><td>Record Date</td><td>The record date for payment of interest in connection with the NCDs or repayment of</td></tr>
</table>

	principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Issue Schedule	The Issue shall be open from [●] to [●] with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum 30 days from the date of opening of the Issue
Objects of the Issue	Please refer to the chapter titled "*Objects of the Issue*" on page 55
Put/Call Option	None
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "*Objects of the Issue*" on page 55
Coupon rate and redemption premium	Please refer to the chapter titled "*Terms of Issue*" on page 449
Working Days convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment
Issue Closing Date	[●]
Issue Opening Date	[●]
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Day count basis	Actual
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption premium/ discount	Not applicable
Transaction documents	This Draft Prospectus and the Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled "*Material Contracts and Documents for Inspection*" on page 487
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed
Events of default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 451
Cross Default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 451
Roles and	Please refer to the chapter titled "*Terms of Issue – Debenture Trustees for the*

responsibilities of the Debenture Trustee	*Debenture Holders*" on page 451
Settlement Mode	Please refer to the chapter titled "*Terms of Issue - Payment on Redemption*" on page 458
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Trivandrum

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

(b) In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.*

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 462.

Terms of the NCDs

Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**
Nature	**Secured**							
Tenure	400 days	24 months	36months	24 months	36 months	400 days	24 months	36 months
Frequency of Interest Payment	Monthly	Monthly	Monthly	Annually	Annually	Cumulative	Cumulative	Cumulative
Minimum Application	₹10,000 (10 NCDs)							
In multiples, of	1 NCD after the minimum application							
Face Value of NCDs (₹ /NCD)	₹1,000 (1 NCD)							
Issue Price (₹ /NCD)	₹1,000 (1 NCD)							
Mode of Interest Payment/ Redemption	Through various options available							
Coupon (%) per annum*	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Coupon Type	Fixed							
Redemption Amount (₹ /NCD) for	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Debenture Holders*								
Effective Yield (%)(per annum)*	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Put and Call Option	Not applicable							
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment							

***** *To be updated at the stage of Prospectus*

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Options I, II and III at the following rates of interest in connection with the relevant categories of Debenture holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of Debenture Holder	Rate of Interest (p.a.)		
	400 days	24 months	36months
	Option I	**Option II**	**Option III**
All categories (%)	[●]	[●]	[●]

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Annual interest payment options

Option IV and V of the NCDs shall be redeemed as below:

Category of Debenture Holder	Rate of Interest (p.a.)		
	24 months	36 months	400 days
	Option IV	**Option V**	**Option VI**
All categories (%)	[●]	[●]	[●]

For avoidance of doubt where interest is to be paid on an annual basis, relevant interest will be calculated from the first day till the last date of every year on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent year. The last interest payment under this option shall be made at the time of redemption of the NCDs.

3. Cumulative interest payment options

Option VI, VII and **VIII** of the NCDs shall be redeemed as below:

Category of Debenture Holder	Rate of Interest (p.a.)		
	400 days	24 months	36 months
	Option VI	**Option VII**	**Option VIII**
All categories (%)	[●]	**[●]**	**[●]**

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of Payment

The entire face value per NCDs is payable on Application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*" on page 456.

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 462.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on July 29, 2019. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the Shareholders' *vide* their resolution passed at their EGM held on December 10, 2013.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the Government of India, BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of subservient charge on the current assets of our Company. The claims of the Debenture Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Security

The Issue comprises of public issue of NCDs of face value of ₹1,000 each.

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of subservient charge on certain loan rceivables (both present and future) of the company in favour of Debenture Trustee; and (ii) exclusive mortgage and first charge over the immovable property admeasuring 5.19 cents situated at Survey No: 537, Samugarengapuram Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Draft Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the Issue Proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

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

Face Value

The face value of each NCD to be issued under this Issue shall be ₹1,000.

Debenture Holder not a Shareholder

The Debenture Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of Debenture Holders

Some of the significant rights available to the Debenture Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, confer upon the Debenture Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Debenture Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on Debenture Holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned Debenture Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Debenture Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned Debenture Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Debenture Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Application Form, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a register of Debenture Holders for this purpose.

6. A register of Debenture Holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue ("**Register of Debenture Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Debenture Holders as on the Record Date.

7. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days' prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the Debenture Holders are merely indicative. The final rights of the Debenture Holders will be as per the terms of the Prospectus, the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the Debenture Holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustees for the Debenture Holders in terms of Regulation 4(4) of the SEBI Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by us to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

The Debenture Trustee will protect the interest of the Debenture Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the Debenture Holders, (subject to being indemnified and/or secured by the Debenture Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
(ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see "*Issue Procedure*" on page 462.

Nomination facility to Debenture Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rule 19") and Section 72 of the Companies Act, 2013, the sole Debenture Holder, or first Debenture Holder, along with other joint Debenture Holders' (being individual(s)), may nominate, in the Form No. SH.13, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in Form No. SH.13 any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in Form No. SH.14, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

Debenture Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the Debenture Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the Investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the Investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Cochin, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 462.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his Depository Participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of Debenture Holders as Debenture Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debenture Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of Debenture Holders or the register and index of Debenture Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Debenture Holder(s). It will be sufficient for our Company to delete the name of the deceased Debenture Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Debenture Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased Debenture Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of Debenture Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased Debenture Holder. He shall approach the respective Depository Participant of the Debenture Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased Debenture Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

Debenture Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs Allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, with effect from April 1, 2019.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given one day prior to such early date of closure through advertisement/s in a leading national daily newspaper.

Issue Programme

Issue Opening Date	**[●]#**
Issue Closing Date	**[●]***

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

Application and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST**") during the Issue Period as mentioned above by the Members of the Syndicate, Trading Members and Designated Branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchange. It is clarified that the Applications not uploaded in the Stock*

Exchange platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for Allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Trading Members or Designated Branches of SCSBs is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those Debenture Holders whose names appear in the Register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"- Manner of Payment of Interest / Redemption Amounts"* on page 456.

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 NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of the Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 as shall be disclosed in the Prospectus.

Maturity and Redemption

The NCDs issued pursuant to this Draft Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 400 days from the Deemed Date of Allotment for Options I and VI, 24 months from the Deemed Date of Allotment for Options II, IV and VII and 36 months from the Deemed Date of Allotment for Options III, V and VIII.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof. The minimum Application size for each Application would be ₹10,000 (for all kinds of Options)/ NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum Application size using the same Application Form.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA Account on Application itself. In case of Allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on Application in accordance with the terms of the Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the Depository Participant updated at all points of time. Please note that failure to do so could result in delays in credit of interest/redemption amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "-*Procedure for Re-materialization of NCDs*" on page 454.

The mode of payment of interest/redemption amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of interest / redemption amount, through:

   (i) **Direct Credit**. interest / redemption amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   (ii) **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of interest / redemption amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of interest / redemption amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the interest / redemption amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get interest / redemption amount through NEFT or Direct Credit or RTGS.

   (iii) **RTGS:** Applicants having a bank account with a participating bank and whose interest / redemption amount exceeds ₹ 2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the interest / redemption amount through RTGS. Such eligible Applicants who indicate their preference to receive interest / redemption amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest / redemption amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

   (iv) **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the interest / redemption amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest / redemption amount will be made to the Applicants through this method.

2. **Registered Post/Speed Post:** For all other Debenture Holders, including those who have not updated their bank particulars with the MICR code, the interest payment / redemption amount shall be paid by way of interest/ redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the Investors are advised to submit their bank account details with our Company / Registrar at least seven (7) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the Debenture Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by Debenture Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the Debenture Holder at the time of redemption and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the Debenture Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. Debenture Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see "- *Payment on Redemption*" on page 458.

NCDs held in electronic form:

No action is required on the part of Debenture Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those Debenture Holders whose names stand in the Register of Debenture Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) 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 NCD(s).

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of Debenture Holders.

Our liability to Debenture Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the Debenture Holders available with us, and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the Debenture Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or will be sent by post/ courier or through email or other electronic media to the registered holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the Debenture Holders or the Debenture Trustee in this connection.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription (75% of the Base Issue, i.e. ₹ 18,750 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹ 18,750 lakhs, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through the Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated [●]. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the option, such option(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus.

Guarantee/ Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2019, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the Debenture Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs.

Applicants should note that they may submit their Application Forms at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e. to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please see "- Submission of Completed Application Forms" on page *475.*

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in the Prospectus.

Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("Debt Application Circular") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("Debt ASBA Circular"). The procedure mentioned in this section is subject to the Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchange and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Cochin, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of the Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office and Corporate Office;
(b) Offices of the Lead Manager/Syndicate 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 Draft Prospectus and the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹ 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 IRDAI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹ 5 lakhs.

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹ 5 lakhs.*

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);

(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

(c) Persons resident outside India and other foreign entities;

(d) Foreign Portfolio Investors;

(e) Foreign Venture Capital Investors;

(f) Qualified Foreign Investors;

(g) Overseas Corporate Bodies; and

(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "- *Rejection of Applications*" on page 477 for information on rejection of Applications.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries. Applicants should submit the Application Form only at the Collection Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 ("**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor**.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or **regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without**

assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock

Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 48. **Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;

- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in the Prospectus and the Application Form;

- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;

- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;

- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;

- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option. Applicants may apply for one or more option of NCDs Applied for in a single Application Form;

- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;

- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;

- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and

- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Members of Syndicate, Trading Member of the Stock Exchange, Public Issue Account Banks nor Designated branches of SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the Series III of NCDs, as specified in this Draft Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs. Appropriate instructions will be given to the Designated Intermediaries to indicate Series III as the Applicant's choice of the relevant NCD Series wherein the Applicants have not indicated their choice.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the 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. 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.**

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in the Prospectus and in multiples of thereafter as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected**. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of the Prospectus and applicable law.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.

6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.

7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/

Designated Branch of the SCSB.

9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

12. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 48.

14. **Permanent Account Number:** Each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected.

15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

16. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

17. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.
4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount

are available for blocking in the relevant ASBA Account.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "- *Rejection of Applications*" on page 477 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 48.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture 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 NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(f) Applications where a registered address in India is not provided for the non-Individual Applicants;

(g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(i) PAN not mentioned in the Application Form., In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;

(j) DP ID and Client ID not mentioned in the Application Form;

(k) GIR number furnished instead of PAN;

(l) Applications by OCBs;

(m) Applications for an amount below the minimum Application size;

(n) Submission of more than five ASBA Forms per ASBA Account;

(o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(q) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;

(r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(w) ASBA Applications not having details of the ASBA Account to be blocked;

(x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;

(y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(cc) Applications by any person outside India;

(dd) Applications not uploaded on the online platform of the Stock Exchange;

(ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, the Prospectus and as per the instructions in the Application Form and the Prospectus;

(gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(hh) Applications providing an inoperative demat account number;

(ii) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(kk) Investor category not ticked;

(ll) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the

Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*")**;

(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("*Retail Individual Portion*").**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 5,000 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion
(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹ 5 lakhs;
(iii) Institutional Portion
(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded on to the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion respectively.

Minimum allotment of 1 (one) NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;
(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and
(iv) The total Allotment under Option I to Option VIII of the NCDs shall not exceed a value more than ₹15,000 lakhs.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e. Options I, II and III;
(ii) followed by annual interest payment in decreasing order of tenor i.e. Options IV and V; and
(iii) followed by payment on cumulative options in decreasing order of tenor i.e. Options VI, VII and VIII.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

Our Company would Allot Series III NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs. Therefore, instructions will be given to the Designated Intermediaries to indicate Series III NCD as the Applicant's choice of the relevant NCD Series wherein the Applicants have not indicated their choice.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Issue Closing Date.

Allotment Advices shall be issued or Application Amount shall be unblocked within 6 (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.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Retail Individual Investors ("**RII**") can withdraw their Applications until the Issue Closing Date. In case an RII wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

In case of Applications were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated January 30, 2014 among our Company, the Registrar and CDSL and tripartite agreement dated February 5, 2014 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of

NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.
Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of the Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Draft Prospectus and the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e.₹ 18,750 lakhs and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies;

(h) The allotment letter shall be issued or application money shall be unblocked within 6 (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 forthwith; 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 NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Draft Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association relating to the issue and allotment of debentures and matters incidental thereto have been summarised below. Please note that each provision herein below is numbered according to the corresponding article number in the Articles of Association. Any reference to the term "Article" hereunder means the corresponding article contained in the Articles of Association.

Article 7 provides that the Company may exercise the powers of paying commission conferred by Section 76 of the Companies Act, 1956, and in such case shall comply with the requirements of the section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

Article 40 provides that a fee not exceeding ₹2 may be charged for the registration of grant of probate, grant of administration, certificate of death or marriage, power-of-attorney or other instrument and shall, if required by the Board of Directors, be paid before the registration thereof. No fee will be charged for registration of transfers of shares and debentures.

Article 55 provides that the Board of Directors may, from time to time, at its discretion, raise or borrow and secure the payment of any sum or sums of money for the purpose of the Company.

Article 56 provides that the Board of Directors may raise or secure the repayment of such sum or sums (referred to in Article 55) in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds perpetual or redeemable debentures stock, or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Article 57 provides that any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and wish any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued, provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Companies Act, 1956.

Article 58 provides that save as provided in Section 108 of the Companies Act, 1956, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

Article 59 provides that if the Board of Directors refuses to register the transfer of any debentures the Company shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

Article 91 provides that subject to the provisions of Section 297 of the Companies Act, 1956, a Director shall not be disqualified from contracting with the Company either as a vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Directors or relative as a partner or with any other partner in such firm or with a private company of which such Director is a member or director be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

Clause (a) of Article 99 provides that subject to the provisions of the Companies Act, 1956, and notwithstanding anything to the contrary contained in the Articles of Association, so long as any moneys remain with the Company either in the form of share capital or loan originally invested by any financing company or body or financial corporation or bank or any insurance corporation (each such financing company or body or financial corporation, credit corporation or bank or any insurance corporation is hereinafter referred to as "Financial Institution") in the Company or so long as the Financial Institution continues to hold debentures in the Company by direct subscription or private placement or so long as the Financial Institution holds share in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding, the Financial Institution shall have a right to appoint from time to time, its nominee/s as a Director or Director/s, which Director or Directors is/are hereinafter referred to as “Nominee Director/s” on the Board of Directors of the Company and to remove from such office the Nominee Director/s so appointed and at the time of such removal and also in the case of death or resignation of the Nominee Director/s so appointed at any time appoint any other which may occur as a result of such Director/s ceasing to hold office for any reasons whatsoever; such appointment or removal shall be made in writing on behalf of the Financial Institution appointing such Nominee Director/s and shall be delivered to the Company at its registered office.

Clause (c) of Article 99 provides that the Nominee Director/s so appointed shall hold the office only so long as any moneys remain with the Company either in the form of share capital or loan originally invested by the Financial Institution or so long as the Financial Institution holds debentures in the Company as a result of direct subscription of private placement or so long as the Financial Institution holds shares in the Company as a result of underwriting or direct subscription or liability of the Company arising out of any guarantee, is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office, immediately the moneys owing by the Company to the Financial Institutions is paid off or on the Financial Institution ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Financial Institution.

Article 149 provides that on any sale of the undertaking of the Company, the Board of Directors or the liquidator on a winding-up may, if authrorised by a special resolution accept fully paid-up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board of Directors (if the profits of the Company permit) or the liquidators (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributors of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation of distribution so authorised, and waive all rights in relation, thereto save only in case the Company is proposed to be or in the course of being wound up, such statutory rights, if any, under Section 494 of the Companies Act, 1956, as are incapable of being varied or excluded by the Articles of Association.

Article 152 provides that every Director, manager, secretary, trustee for the Company, its members or debenture holders, members of a committee, officer, servant, agent, accountant or other person employed in or about the business of the Company shall, if so required by the Board of Directors before entering upon his duties sign a declaration pledging himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board of Directors or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions of the Articles of Association.

SECTION IX: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of the Company situated at Muthoot Centre, Punnen Road, Trivandrum 695 034, India, from 10.00 a.m. to 4.00 p.m., from the date of the Draft Prospectus until the date of closure of the Issue.

I. Material Contracts

1. Issue Agreement dated August 26, 2019 between the Company and the Lead Manager.
2. Registrar Agreement dated August 27, 2019 between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated August 26, 2019 between the Company and the Debenture Trustee for the NCD Holders.
4. Public Issue Account Agreement dated [●] amongst the Company, the Lead Manager, the Registrar, the Public Issue Account Bank and the Refund Bank.
5. Memorandum of Understanding dated [●] between the Company and the Lead Brokers.
6. Tripartite Agreement dated May 3, 2011, between CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated October 6, 2009, between NSDL, the Company and the Registrar to the Issue.

II. Material Documents

1. Certificate of incorporation of the Company dated June 10, 1997, issued by the RoC.
2. Certificate of incorporation dated March 19, 2002, issued by the RoC.
3. Certificate of commencement of business dated June 10, 1997.
4. Memorandum and Articles of Association of the Company.
5. The certificate of registration No. 16.00170 dated July 23, 2002 issued by the RBI under Section 45 IA of the RBI Act.
6. Brickwork Ratings India Private Limited letter dated August 29, 2019 assigning a rating of "“BWR A+” (BWR A plus; Outlook: Stable)’ for an amount of ₹ 50,000 lakhs" to the NCDs.
7. Board resolution dated July 29, 2019, approving the Issue and related matters including authorised signatories.
8. Shareholders’ resolution dated June 3, 2014 pursuant to Section 180 of the Companies Act, 2013.
9. Consents of each of the Directors, Compliance Officer, Lead Manager, Legal Advisors to the Issue, Registrar to the Issue, Public Issue Account Bank(s), Refund Bank Bankers to the Issue, Bankers to the Company, the Debenture Trustee, Registrar to the Issue and the Credit Rating Agency to act in their respective capacities.
10. Consent of the Statutory Auditors, for inclusion of their name as the Statutory Auditors of the Company and reports on the financial statements including the annexures and notes thereto, in the form and context in which they appear in the Draft Prospectus and their statement on tax benefits mentioned herein.
11. The statement of tax benefits report dated, prepared by the Statutory Auditors.

12. Annual Reports of the Company for the five Fiscals.

13. In-principle listing approval from BSE, through letter no. [●] dated [●].

14. Due Diligence Certificate dated [●] filed by the Lead Manager with SEBI.

15. Due Diligence Certificate dated [●] from the Debenture Trustee.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the relevant provisions of the Companies Act and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Issue have been complied with and no statement made in this Draft Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Draft Prospectus.

We further certify that all the disclosures and statements in this Draft Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements.

Signed by the Board of Directors of the Company

____
Mr. Thomas John Muthoot, Managing Director

____
Mr. Thomas George Muthoot, Director

____
Mr. Thomas Muthoot, Executive Director and Chief Financial Office

____
Mr. Arrattukkulam Peter Kurian**,** Director

____
Ms. Preethi John Muthoot, Additional Director

____
Mr. Ramakrishnapillai Kamalasanan Nair**,** Independent Director

____
Mr. Vikraman Ampalakkat**,** Independent Director

Date:

Place:

ANNEXURE A – CREDIT RATING LETTERS

[•]

ANNEXURE B – CONSENT FROM THE DEBENTURE TRUSTEE

[●]

Annexure A

To,
Muthoot Fincorp Limited
Muthoot Centre
Punnen Road
Trivandrum, Kerala

29 Aug 2019

Dear Madam/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debentures for an Issue Size of Rs 250 Crores , with a Green Shoe Option of Rs 250 Crores , Aggregating to Rs 500 Crores ("Issue") of Muthoot Fincorp Limited ("Company").

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Credit Rating Agency is true and correct:

S. No.	Particulars	Details
1.	Registration Number	IN/CRA/005/2008
2.	Date of registration/ date of last renewal of registration/ date of application for renewal of registration	30 Jan 2014
3.	Date of expiry of registration	Permanent Registration
4.	Details of any communication from SEBI prohibiting from acting as an intermediary	Nil
5.	Details of any pending inquiry/ investigation being conducted by SEBI	Nil
6.	Details of any penalty imposed by SEBI	Nil

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the NCDs on the Stock Exchanges.

Sincerely

Rajat Bahl
Chief Analytical Officer & Head - Financial Institutions

To,

29 Aug 2019

Muthoot Fincorp Limited
Muthoot Centre
Punnen Road
Trivandrum
Kerala

Dear Madam/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debentures for an Issue Size of Rs 250 Crores , with a Green Shoe Option of Rs 250 Crores , Aggregating to Rs 500 Crores ("Issue") of Muthoot Fincorp Limited ("Company").

We, the undersigned, hereby consent to be named as the Credit Rating Agency to the Issue and to our name being inserted as the Credit Rating Agency to the Issue in the Draft Prospectus to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Kerala and Lakshadweep ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	Brickwork Ratings India Pvt Ltd
Address:	3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru - 560076
Tel:	080-40409940
Fax:	080-40409941
Email:	info@brickworkratings.com
Website:	www.brickworkratings.com
Contact Person:	K N Suvarna
SEBI Registration No:	IN/CRA/005/2008

We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately inform you and the Lead Manager of any change to the above information until the date when the NCDs commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal advisors to the Issue in respect of the Issue.

Sincerely

Rajat Bahl
Chief Analytical Officer & Head - Financial Institutions

CC:
SMC Capitals Limited
A 401/402, Lotus Corporate Park
Jai Coach Junction
Off Western Express Highway, Goregaon (East)
Mumbai – 400 063, Maharashtra

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

Rating Rationale

Muthoot Fincorp Ltd. **23 Aug 2019**

Brickwork Ratings assigns BWR A+ (Outlook:Stable) rating for the Proposed Secured NCD issue of ₹. 500 Crores of Muthoot Fincorp Ltd. (hereafter referred to as "MFL" or the "Company")

Particulars

Instrument	Amount (Rs in Crs)	Tenure	Rating*
Proposed Secured NCD	500	Long Term	BWR A+ (Pronounced as BWR A Plus) (Outlook:stable)

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Brickwork Ratings reaffirms the ratings for the Perpetual Debt Instrument aggregating to of ₹. 264 Crores.

Instrument	Previous Amount (Rs in Crs)	Present Amount (Rs in Crs)	Tenure	Previous Rating	Present Rating
PDI	50	50	Long Term	BWR A (Pronounced as BWR A) (Outlook:Stable)	BWR A (Pronounced as BWR A) (Outlook:Stable) (Reaffirmation)
	26	26			
	54	54			
	14	14			
	24	24			
	48	48			
	48	48			
Total	**264**	**264**	**INR Two Hundred Sixty Four Crores Only**		

Brickwork Ratings also reaffirms the ratings for the Commercial Paper Programme of ₹. 900 Crores.

Instrument	Previous Amount (Rs in Crs	Present Amount (Rs in Crs)	Tenor	Previous Rating	Present Rating*
Commercial Paper Programme	900	900	Upto 365 days	BWR A1+ (Pronounced as BWR A One Plus)	BWR A1+ (Pronounced as BWR A One Plus)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials up to FY19, unaudited financial results for Q1FY20, projections upto FY22 and publicly available information and information/clarification provided by the Company's management.

The rating assignment factors MFL's long track record and established market position in the gold loan industry, experience of the promoters & professional management team, strong branch network in the rural and semi urban areas, sizeable AUM, comfortable capitalisation, moderate asset quality and adequate liquidity. The rating is however, constrained by high geographic concentration and inherent risks associated with Gold loans and NBFCs business.

Description of Key Rating Drivers

Credit Strengths:

- **Extensive Experience of the promoters:** MFL is part of Muthoot Pappachan group. The Muthoot Pappachan Group has diversified interests in financial services, hospitality, real estate, and auto dealership. MFL has three subsidiaries namely Muthoot Housing Finance Company Limited (housing finance), Muthoot Pappachan Technologies Limited (IT services) and Muthoot Microfin Limited (microfinance). MFL is largely a promoter-driven company. The Company is jointly managed by Mr.Thomas John Muthoot (Group Chairman and Managing Director), Mr. Thomas George Muthoot (Director), and Mr. Thomas Muthoot (Executive Director) (all brothers). The promoters of the company have a deep understanding of the gold loan business and have been in this business for over eight decades.

- **Sizeable AUM with established market Position:** MFL's standalone Assets Under Management (AUM) has consistently grown over the years and stands at Rs 13,545 Crores as on 30 June 2019 (Rs 13,073 Crs as on 31 Mar 2019). Gold Loan portfolio constitutes to ~89% of the AUM (Rs 11,585 Crs). MFL has a well-established market in the gold loan segment with a strong network of 3,532 branches across India which has resulted in sustaining a sizeable market share.

- **Comfortable Capitalisation**: MFL reported Total CRAR of 21.75 % for Q1FY20, which is well above the RBI's minimum stipulated requirement of 15%. Tier I CRAR for Q1FY20 stood at 14.50% as against the minimum requirement of 10%. As on 31st Mar 2019, MFLs Tangible Networth comfortably stood at Rs 2,837 against total debt of Rs 10,995 Crs resulting in a moderate gearing of 3.88x.

- **Moderate Asset Quality** : NPAs have increased in Q1FY20 mainly due to postponement of auctioning gold on account of general elections held in April-May 2019. The company has informed that they have initiated the auctioning process June onwards and the NPAs will moderate by H1FY20. GNPA and NNPA for Q1FY20 has increased to 3.41% & 1.93% respectively from 2.64 % and 1.09% respectively for FY19. Going forward timely auctioning of the gold, improving the asset quality in MSME segment with sustained growth in overall portfolio will be key to reduce the overall NPA levels.

- **Liquidity Position**: MFLs liquidity position continues to be comfortable as there are no cumulative mismatches in any of the time buckets up to five years. This is due to longer tenure of the borrowings as compared with shorter tenure of loans (tenure of less than 12 months). As on 30 June 2019, the company has cash and cash balances of Rs 323 Crs and also maintains unutilised bank lines of Rs 180 Crs as a cushion.

Credit Risks:

- **Geographical Concentration:** MFLs loan portfolio is largely conetrated in South Indian states accounts for ~67% of its AUM and hence is exposed to socio-economic and political risks of these states. Going forward foraying into new markets and reducing the concentration risk by having a well balanced portfolio across India will be key to sustainable growth.

- **Inherent risks associated with NBFCs:** Being a gold loan finance company, MFL is exposed to inherent risks such as price fluctuation of Gold, operational risks, and severe competition. Since the Company operates under highly regulated environment, it is also exposed to policy changes.

Proposed structure of NCD: The proposed Secured NCD of Rs 500 Crs will have a tenure of upto 5 years and will be a public issue. The proceeds will be utilised towards onward lending and will be secured with 100% asset cover.

Analytical Approach

For arriving at its ratings, BWR has considered the standalone financial profile of MFL and applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Muthoot Fincorp Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures or if there is a further sharp deterioration in asset quality.

About the Company

Muthoot Fincorp Ltd, (part of the Muthoot Pappachan Group) is a non-deposit taking systemically important Non-Banking Finance Company (NBFC) headquartered in Trivandrum in the southern Indian state of Kerala. It is primarily in the business of lending against household used gold jewellery to individuals. In addition to lending against gold, the Company is also into other segments including MSME loans, forex operations, money transfer business and wind power generation. The company has a lineage of 135 years from the present promoter's grandfather Mr Ninan Mathew. MFL's operating history has evolved over a period of 85 years. Mr. Mathew M. Thomas (father of the present promoters) started the first gold loan branch in 1979.

The Muthoot Pappachan Group has diversified interests in financial services, hospitality, real estate, and auto dealership. MFL has three subsidiaries namely Muthoot Housing Finance Company Limited (housing finance), Muthoot Pappachan Technologies Limited (IT services) and Muthoot Microfin Limited (microfinance).

MFL is largely a promoter-driven company. The Company is jointly managed by Mr.Thomas John Muthoot (Managing Director), Mr. Thomas George Muthoot (Director), and Mr. Thomas Muthoot (Executive Director) (all brothers). The promoters of the company have a deep understanding of the gold loan business and have been in this business for over eight decades. The top management is supported by professionals with designated heads looking after strategy, credit risk, operations, treasury functions, marketing, audit and other support functions.

Company Financial Performance

As per the unaudited financial results for Q1FY20, the company has reported Total income from operations of Rs 657 Crs and PAT of Rs 40 Crs when compared to Total income from operations of Rs 555 Crs and PAT of Rs 35 Crs for Q1FY19. ROA and ROE remains low at 1.01% and 7.61% for Q1FY20.

As per audited financials for FY19, on a standalone basis, the Company has reported total income from operations of Rs 2,483 Crores when compared to Rs 2,187 Crores in FY18. Net Interest Income (NII) and Net Interest Margin (NIM) stood at Rs 977 Crores and 9.85% in FY19 as compared to Rs 941 Crores and 9.46% respectively in FY18. MFL has reported PAT of Rs 155 Crores for FY19 when compared to Rs 126 Crores for FY18. As on 31 Mar 2018, MFL has Tangible Networth of Rs 2,797 Crs against total debt of Rs 12,086 Crs resulting in a gearing of 4.32 times. ROA and ROE remains relatively low at 1.07% and 8.68% for FY19.

Key Financial Indicators

Key Parameters	Units	2017	2018	2019
Result Type		Audited	Audited	Audited
AUM	₹ Cr	10,347	11,445	13,073
Net Interest Income (NII)	₹ Cr	857	941	977
PAT	₹ Cr	116	126	155
Tangible Net worth	₹ Cr	1,687	2,685	2,797
Gross NPA	%	1.58	1.90	2.64
Net NPA	%	1.14	1.45	1.09
CRAR	%	21.42	22.20	21.70

ISIN Details:

Instrument	ISIN	Coupon (p.a.)	Allotment Date	Tenure	Issued Amount (Rs in Crs)	Maturity date
Perpetual Debt Instrument	INE549K08061	12%	30-Nov-2008	Perpetual	50	NA
	INE549K08079	12%	30-Sep-2010	Perpetual	26	NA
	INE549K08053	12%	21-Dec-2009	Perpetual	54	NA
	INE549K08046	12%	10-Aug-2009	Perpetual	14	NA
	INE549K08145	12%	2-Nov-2017	Perpetual	24	NA
	INE549K08152	12%	17-Oct-2017	Perpetual	48	NA
	INE549K08160	12%	26-Feb-2018	Perpetual	48	NA

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
	Instrument	Type (Long Term/ Short Term)	Amount (Rs in Crs)	Rating	2019	2018	2017
1	Proposed Secured NCD	Long Term	500	BWR A+ (Pronounced as BWR A Plus) (Outlook:Stable)	Nil	Nil	Nil
2	Commercial Paper Programme	Short Term	900	BWR A1+ (Pronounced as BWR A One Plus)	BWR A1+ (Pronounced as BWR A One Plus)	Nil	Nil
3	Non Convertible Debenture	Long Term	0	Withdrawn	Withdrawn	BWR "A+" (Pronounced as BWR A Plus) (Outlook:Stable)	BWR "A+" (Pronounced as BWR A Plus) (Outlook:Stable)
4	Perpetual Debt Instrument	Perpetual	120	BWR "A" (Pronounced as BWR A) (Outlook:Stable)	BWR "A" (Pronounced as BWR A) (Outlook:Stable)	BWR "A" (Pronounced as BWR A) (Outlook:Stable)	BWR "A" (Pronounced as BWR A) (Outlook:Stable)
5			144				
	Total		**1664**	**INR One Thousand One Hundred Sixty Four Crores Only**			

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Banks & FIs**
- **Commercial Papers**

For any other criteria obtain hyperlinks from website

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For print and digital media
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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

ANNEXURE B

CATALYST
Believe in yourself... Trust us!

CL/MUM/19-20/DEB/263

Aug 22, 2019

Muthoot Fincorp Limited
Muthoot Centre, TC No 14/2074-7
Punnen Road Trivandrum
Thiruvananthapuram - 695039

Kind Attn: - Mr. Nadana Sabapathy

Dear Sir,

Consent to act as Trustee for Proposed public issue ("Issue") of secured, redeemable, non-convertible and unsecured, redeemable, non-convertible debentures ("NCDs") by Muthoot Fincorp Limited ("Company") up to INR 250 Crores with greenshoes option of INR 250 Crores (aggregate of INR 500 Crores).

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) to act as Debenture Trustee for Issue of NCDs. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration:

Acceptance fees : Rs.2,00,000/- plus applicable taxes (one-time, non-refundable payable on appointment as Debenture Trustee).

	Tenor	Amount
Service Charges	1st Year	Rs.2,00,000/- plus applicable taxes payable in advance, on pro-rata basis that would apply for the first year from date of appointment till 31st March 2019.
	2nd Year	Rs.2,00,000/- plus applicable taxes payable in advance.
	3rd Year	Rs.1,00,000/- plus applicable taxes payable in advance.
	4th Year	Rs.75,000/- plus applicable taxes payable in advance.
	5th Year	Rs.75,000/- plus applicable taxes payable in advance.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

For **Catalyst Trusteeship Limited**

Authorised Signatory

We accept the above terms.
For **Muthoot Fincorp Limited**

Authorised Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED (FORMERLY GDA TRUSTEESHIP LIMITED) An ISO:9001 Company
Mumbai Office Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 Tel +91 (022) 4922 0555 Fax +91 (022) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (020) 25280081 Fax +91 (020) 25280275
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Tel 11 430 29101/02.
CIN No. U74999PN1997PLC110262 **Email** dt@ctltrustee.com **Website** www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai

CL/MUM/19-20/DEB/263

Aug 22, 2019

Muthoot Fincorp Limited
Muthoot Centre, TC No 14/2074-7
Punnen Road Trivandrum
Thiruvananthapuram - 695039

Kind Attn: - Mr. Nadana Sabapathy

Dear Sir,

Consent to act as Trustee for Proposed public issue ("Issue") of secured, redeemable, non-convertible and unsecured, redeemable, non-convertible debentures ("NCDs") by Muthoot Fincorp Limited ("Company") up to INR 250 Crores with greenshoes option of INR 250 Crores (aggregate of INR 500 Crores).

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) (Formerly GDA Trusteeship Limited) to act as Debenture Trustee for Proposed public issue ("Issue") of secured, redeemable, non-convertible debentures ("NCDs") by Muthoot Fincorp Limited ("Company") for an amount not exceeding Rs. 250 crores with greenshoes option of Rs. 250 Crores (aggregate of INR 500 Crores).

In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration: The Company and the Trustee shall enter into relevant trustee agreements and other necessary Debenture documents for the aforesaid issue of NCDs and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, the RBI Circular No.RBI/2012-13/560 dated June 27, 2013, the Companies Act, 2013, the Companies (Share Capital and Debenture) Rules, 2014 and any other applicable statutes, regulations and provisions as amended from time to time.

The Company shall enter into Agreement with Trustee as required by Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993 thereby agreeing to create the security within three months from the date of closure of issue or in accordance with the Companies Act, 2013 or as per the provisions as prescribed by any regulatory authority as applicable and comply with the provisions of applicable laws.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

For **Catalyst Trusteeship Limited**	We accept the above terms. For **Muthoot Fincorp Limited**
Authorized Signatory	**Authorized Signatory**

CATALYST TRUSTEESHIP LIMITED * CATALYST TRUSTEESHIP LIMITED