Placement Document
Not for Circulation
Serial Number: _____
Strictly Confidential

MUTHOOT CAPITAL SERVICES LIMITED

*Muthoot Capital Services Limited (our "**Company**") was incorporated pursuant to a certificate of incorporation dated February 18, 1994 issued by the Registrar of Companies, at Ernakulam, Kerala **("RoC"),** as a public limited company under the provisions of the Companies Act, 1956, in the state of Kerala. The Company has obtained the Certificate of Commencement of Business on March 23, 1994 issued by the RoC. Further, our Company registered itself as an NBFC-D with the RBI in the year 1998. For further details, please see section "**General Information**" on page 176.*

Registered Office: 3rd Floor, Muthoot Towers, M.G.Road, Kochi – 682 035, Kerala, India
CIN: L67120KL1994PLC007726
Telephone No.: +91 484 6619600; **Email**: mail@muthootcap.com; **Website**: www.muthootcap.com.

Our Company is issuing 2,727,700 Equity Shares (as defined below) at a price of ₹ 605.00 per Equity Share (the "**Issue Price**"), including a premium of ₹ 595.00 per Equity Share, aggregating to ₹ 1,650.26 million (the "**Issue**") only to Eligible QIBs (as defined below).

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS"), AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES MADE THEREUNDER

The total number of issued and paid-up equity shares of our Company of face value of ₹ 10 each ("**Equity Shares**") is 13,719,833 and all of such Equity Shares are currently listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", together with the BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE as on November 3, 2017 was ₹ 642.10 and ₹ 640.45 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of the Equity Shares have been received from the BSE and the NSE on November 6, 2017. Applications shall be made for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the Stock Exchanges. A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4) will also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, at Enrnakulam, Kerala ("**RoC**") and the Securities and Exchange Board of India ("**SEBI**"), each within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined below). This Placement Document has not been and will not be registered as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED BELOW), IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER AND CHAPTER VIII OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THE PRELIMINARY PLACEMENT DOCUMENT HAS BEEN CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES OFFERED IN THE ISSUE.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

The Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has been circulated only to such Eligible QIBs whose names are recorded by our Company prior to making an invitation to subscribe to the Equity Shares.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document together with the Application Form and this Placement Document and the Confirmation of Allotment Note. For further details, please see section "***Issue Procedure***" on page 135. The distribution of this Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the Book Running Lead Manager or any of its affiliates, does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**U.S. Securities Act**"), or any state securities laws of the United States and, unless so registered may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. For a description of the selling restrictions in certain other jurisdictions, please see the section titled "***Selling Restrictions***" on page 147. The Equity Shares are transferable only in accordance with the restrictions described in the section titled "***Transfer Restrictions***" on page 154.

BOOK RUNNING LEAD MANAGER

Inga Capital Limited (*Formerly known as Inga Capital Private Limited***)**
Naman Midtown, 21st Floor, 'A' Wing,
Senapati Bapat Marg, Elphinstone (West),
Mumbai 400 013,
Maharashtra, India

This Placement Document is dated November 10, 2017.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares that is material in the context of the Issue. The statements contained in this Placement Document relating to the Company and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to the Company. There are no other facts in relation to the Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Manager has made reasonable enquiries but has not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Manager nor any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Manager or any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Company and the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Manager or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of the Company and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe the contents of the Preliminary Placement Document and this Placement Document as legal, tax, accounting or investment advice.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the Book Running Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, or the securities authorities of any non-United States jurisdiction and any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States and unless so registered, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Placement Document, see "*Selling Restrictions*" and "*Transfer Restrictions*" on page 147 and 154 respectively. Subscribers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in the sections "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on page 3, 147 and 154, respectively.

The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investors specified by the Book Running Lead Manager or its representatives, and persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of the contents without prior written consent of our Company is prohibited. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue (in consultation with the Book Running Lead Manager or its representatives), and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to not make copies of this Placement Document or any documents referred to in this Placement Document.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Manager which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Manager are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each Eligible QIB subscribing to the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to the Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our Company's website, www.muthootcap.com or any website directly and indirectly linked to the website of our Company or on the website of the Book Running Lead Manager or its affiliates, does not constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information for investors in certain other jurisdictions, please see sections "*Selling Restrictions*" and "*Transfer Restrictions*" on page 147 and 154, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue.

By Bidding for and subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Manager, as follows:

- You are an Eligible QIB *i.e.* QIBs, as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations which are not: (a) excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and/or other applicable laws, except as specifically set forth in this Placement Document who are outside of the United States acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations;

- If you are not a resident of India, you are an Eligible QIB (as defined hereinafter) (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual), and have a valid and existing registration with the SEBI under the applicable laws in India and you agree that you will participate in this Issue through the Portfolio Investment Scheme or the Foreign Portfolio Investment Scheme, as applicable, and will make all necessary filings with the appropriate regulatory authorities, as required, pursuant to applicable laws;

- If you are Allotted any Equity Shares in the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so Allotted except on the floor of the Stock Exchanges. Please see the section "*Transfer Restrictions*" on page 154;

- You have made, or are deemed to have made, as applicable, the representations set forth under sections "*Selling Restrictions*" and "*Transfer Restrictions*" on page 147 and 154, respectively. Further, you understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Transfer Restrictions*" and you warrant that you will comply with those restrictions;

- You are aware that the Equity Shares have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI ICDR Regulations or under any other law in force in India. This Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs and that this Placement Document or the Preliminary Placement Document will not be registered as a prospectus under the Companies Act;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have the necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- Neither our Company nor the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Manager. Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- You have made, or been deemed to have made, as applicable, the representations set forth in "*Representations By Investors*";

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and the environment in which our Company shall operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public, and the Allotment basis shall be made at the discretion of our Company and the Book Running Lead Manager;

- You are aware that the pre-Issue and post-Issue shareholding pattern of our Company in the format prescribed in the SEBI Listing Regulations will be filed by our Company with the Stock Exchanges, and if Allotment to you is more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Allotment to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;

- You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including in particular, the section "*Risk Factors*" on page 39;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue based solely on the information contained in this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters and affiliates or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Company nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Company or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in this Issue. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing in the Issue (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, and (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Issue for your own investment and not with a view to resell or distribute the Equity Shares received pursuant to the Issue, prior to the listing of such Equity Shares on the Stock Exchanges;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'Promoter' of our Company, as defined under the SEBI ICDR Regulations or any of its affiliates and are not a person related to the Promoters, either directly or indirectly. Your Bid does not directly or indirectly represent the Promoters or persons related to the Promoters;

- You agree that in terms of Section 42(7) of the Companies Act and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, our Company shall file the list of Eligible QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act in connection with the Issue;

- You are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number in Allotment) and if the Allotment results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment, and you consent to such disclosure being made by us, under Section 93 of the Companies Act, 2013;

- You have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters. You understand that the Equity Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply for and hold the Equity Shares subscribed to in the Issue together with any Equity Shares held by you prior to the Issue. However, you confirm that your aggregate holding after the Allotment shall not exceed the level permissible as per any applicable laws;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**");

  You have to note that the number of Equity Shares Allotted, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares pursuant to the Issue and for trading on the Stock Exchanges, have been made and approval has been received from each of the Stock Exchanges, and (ii) the applications for the final listing and trading approvals from the Stock Exchanges will be made only after Allotment. There can be no assurance that the final approvals for listing and trading in the Equity Shares will be obtained in time or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt of the approvals from the Stock Exchanges;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account in this Issue until such time that the final listing and trading approvals for the Issue by the Stock Exchanges;

- You are aware and understand that the Book Running Lead Manager has entered into a Placement Agreement with our Company, whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use reasonable efforts as placement agent of our Company to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Company, and neither the Book Running Lead Manager nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document and this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Manager or our Company or any of their respective affiliates or any other person, and neither the Book Running Lead Manager nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Book Running Lead Manager do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are eligible to invest in India under applicable law, including the FEMA 20, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S;

- You are, at the time the Equity Shares are purchased pursuant to Regulation S, located outside of the United States (within the meaning of Regulation S) and you are not an affiliate of the Company, or a person acting on behalf of the Company or such an affiliate;

- You are purchasing the Equity Shares in an offshore transactions meeting the requirements of Rule 903 or 904 of Regulation S and you shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue;

- You agree to indemnify and hold our Company and the Book Running Lead Manager and their respective shareholders, directors, officers, employees, agents, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document and if successful, the Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- Our Company, the Book Running Lead Manager, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, given by you to the Book Running Lead Manager on its own behalf and on behalf of our Company, which are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will prompty notify our Company and the Book Running Lead Manager; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable laws, regulations, rules and approvals in terms of Regulation 22 of the SEBI FPI Regulations, FPIs (other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated) may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**") directly or indirectly, for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation, and are issued in compliance with 'know your client' requirements. An Eligible FPI shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of the total issued capital of a company. As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivative instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivative instruments. In the event an investor has investments as a FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Affiliates of the Book Running Lead Manager who are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and does not constitute any obligations of or claims on the Book Running Lead Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSES

Disclaimer clause of the Stock Exchanges

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against any of the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

Disclaimer clause of the RBI

Our Company has a valid certificate of registration dated May 13, 1998 issued by the RBI under section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company, or for the correctness of any of the statements or representations made or opinions expressed by our Company, and for repayment of deposits/ discharge of liabilities by our Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to the 'Company', 'Muthoot Capital Services Limited, 'Issuer', 'we', 'us' or 'our' are to Muthoot Capital Services Limited.

Currency and Units of Presentation

In this Placement Document, references to (a) "Rs.", "Rupees", "INR" or "₹" are to the official currency of the Republic of India; and (b) "USD" or "US$" or "U.S. dollar" are to United States Dollars, the official currency of the United States of America.

All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GOI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100,000", and the word "million" means "10 lakh", and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crore".

Financial Data

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'Fiscal' or 'Financial Year' or 'FY' are to the 12 month period ended on March 31 of that year. Our Financial Statements and Unaudited Interim Financial Statements, each prepared in accordance with Indian GAAP, are included in this Placement Document in the sections "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 178 and 65, respectively.

Our Company publishes its financial statements in Indian Rupees. Our Financial Statements and Unaudited Interim Financial Statements included in this Placement Document have been prepared in accordance with Indian GAAP and RBI Regulations. Unless the context otherwise requires, all financial data in this Placement Document are derived from our Financial Statements and Unaudited Interim Financial Statements. The Financial Statements have been audited by our Previous Statutory Auditors, M/s K. Venkatachalam Aiyer & Co., Chartered Accountants. The limited review report for the Unaudited Interim Financial Statements was issued by M/s Varma and Varma, Chartered Accountants, in accordance with the applicable standards on auditing in India prescribed by the ICAI. M/s Varma and Varma, Chartered Accountants, our current statutory auditors as required under the Companies Act, who were appointed by the shareholders of our Company at the annual general meeting held on June 6, 2017.

Further, as per the current applicable IndAS implementation roadmap for NBFC's, our Company will implement IndAS for the accounting period beginning from April 1, 2019. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Placement Document, and the Financial Statements included in this Placement Document may not be comparable later and investors should consult their own advisors regarding such differences and their impact on our Company's financial data.

Indian GAAP differs in certain significant respects from International Financial Reporting Standards (the "**IFRS**") and U.S. GAAP. Our Company has not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements, to those of U.S. GAAP or IFRS. For details, see "*Risk Factors - Significant differences exist between Indian GAAP, on which the financial statements are based; and other bodies of accounting principles with which investors may be more familiar*" on page 55. Accordingly, the degree to which our financial statements prepared in accordance with Indian GAAP, included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments;

accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data and reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, the statistical information included in this Placement Document pertaining to the business in which we operate has been reproduced from various trade, industry and regulatory/government publications and websites.

We have also relied on the CRISIL Report. This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

Information in this Placement Document on '*Auto Finance, Two-Wheeler Finance and Consumer Durable Finance*' is from an independent market research carried out by CRISIL Limited, but should not be relied upon in making, or refraining from making any investment decision.

CRISIL Disclaimer in relation to a CRISIL Report commissioned by our Company from CRISIL Limited released in October, 2017

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Muthoot Capital Services Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Neither we nor the Book Running Lead Manager has independently verified this data, nor do we or the Book Running Lead Manager make any representation regarding the accuracy or completeness of such data. Similarly, while the Company believes that its internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Book Running Lead Manager can assure Eligible Buyers, Successful Applicants or any other person as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Eligible QIBs can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'will likely result' 'is likely', 'are likely', 'believe', 'expect', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements and any other projections include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- We depend on our two-wheeler financing business, any adverse impact on two wheeler industry shall affect our revenue and results of operations;
- A major part of our network through the MFL branches is concentrated in southern India and any downturn in the economy or any change in consumer preferences in such region could adversely impact the business and operations of our Company;
- Inability to manage the level of our NPAs in the loan portfolio could adversely impact our profitability;
- Our Company is involved in various legal proceedings both as plaintiffs and defendants in which they may not prevail and which could have an adverse impact on them;
- Our Company has experienced negative cash flows primarily from operations during the last three financial years. Any negative cash flows in future could adversely affect our business and financial conditions; and
- Our Company is subject to risks arising from interest rate fluctuations, which could adversely affect its business, financial condition and results of operations.

Certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Business*" on page 39, 65, 92 and 105, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Company nor the Book Running Lead Manager undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company with limited liability incorporated under the laws of India. All the Directors and key managerial personnel of the Company named herein are residents of India and all of the assets of the Company and of such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Republic of Singapore and Hong Kong (among others) are some of the countries that have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees at the applicable foreign exchange rate on the date of such judgment or award becomes enforceable and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Further, any judgment or award in foreign currency would be converted with Rupees on the date of such judgement or award and not on the date of payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As of October 31, 2017, the exchange rate (RBI reference rate) was ₹ 64.77 to US$ 1.00.

(₹ per US$)

	Period end	Average(1)	High(2)	Low(3)
Fiscal Year:				
2017	64.84	67.09	68.72	64.84
2016	66.33	65.46	68.78	62.16
2015	62.59	61.15	63.75	58.43
Quarter ended March 31, 2017	64.84	67.01	68.23	64.84
Quarter ended June 30, 2017	64.74	64.46	65.04	64.00
Quarter ended September 30, 2017	65.36	64.29	65.76	63.63
Month ended:				
October 2017	64.77	65.08	65.55	64.76
September 2017	65.36	64.44	65.76	63.87
August 2017	64.02	63.97	64.24	63.63
July 2017	64.08	64.46	64.82	64.08
June 2017	64.74	64.44	64.74	64.26
May 2017	64.55	64.42	64.99	64.02

(Source: www.rbi.org.in)

1. *Average of the official rate for each working day of the relevant period.*
2. *Maximum of the official rate for each working day of the relevant period.*
3. *Minimum of the official rate for each working day of the relevant period.*

Notes:

1. *If the RBI reference rate is not available on a particular date due to a public holiday, exchange rate of the previous working day has been disclosed.*
2. *No representation is made that the Rupee amounts actually represent such U.S. Dollar amounts or could have been, or could be, converted into U.S. Dollars at any particular rate, the rates indicated as above, or at all.*
3. *Exchange rates are based on the RBI reference rates and rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

Company Related Terms

Term	Description
"Issuer", "we", "us", "our", "Company", "Our Company", "the Company", "MCSL"	Unless the context otherwise indicates or implies, refers to Muthoot Capital Services Limited, a public limited Company incorporated under the Companies Act, 1956 and having its registered office at 3rd Floor, Muthoot Towers, M.G.Road, Kochi – 682 035, Kerala, India
Articles/ Articles of Association	Articles of association of our Company, as amended from time to time
Auditors	The current statutory auditors of our Company namely M/s Varma and Varma, Chartered Accountants
Board of Directors/ Board	Board of directors of our Company, including, a duly constituted committee thereof
CAMS	Computer Age Management Services Private Limited
Compliance Officer	Compliance officer of our Company
Director(s)	Director(s) on our Board, as appointed from time to time
Equity Share(s)	Equity shares of our Company, having a face value of ₹ 10 each
Financial Statements	Standalone financial statements of our Company as of and for the Fiscals 2017, 2016, and 2015 and three months ended June 30, 2017, prepared in accordance with Indian GAAP
Memorandum/ Memorandum of Association	Memorandum of association of our Company, as amended from time to time
Muthoot Pappachan Group	Companies, including our Company which are directly or indirectly owned and controlled, by our Promoters
PAMAC	PAMAC Finserve Private Limited
Previous Statutory Auditor	M/s K. Venkatachalam Aiyer & Co., Chartered Accountants
Promoters	Promoters mean a promoter of our Company as per the SEBI ICDR Regulations and include, Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Preethi John and Ms. Remmy Thomas, as named in our filings with the Stock Exchanges.
Registered Office	Registered office of our Company is located at 3rd Floor, Muthoot Towers, M.G Road, Kochi, 682 035, Kerala, India
"RoC" or "Registrar of Companies"	Registrar of Companies, Ernakulam, Kerala
Shareholders	Shareholders of the Company
Unaudited Interim Financial Statements	Unaudited interim financial statements for the quarter and six months ended September 30, 2017 and the three months period ended June 30, 2017 prepared in accordance with Indian GAAP and reviewed by Auditors pursuant to its limited review report dated November 10, 2017 and July 26, 2017, respectively.
Ultimax	Ultimax Business Solutions Private Limited

Issue Related Terms

Term	Description
Allocated/ Allocation	Allocation of the Equity Shares following the determination of the Issue Price, to Eligible QIBs on the basis of the Application Forms Submitted by them, by the Company, in consultation with the Book Running Lead Manager and in compliance with Chapter VIII of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Issue and allotment of Equity Shares pursuant to the Issue to the Allottees
Allottees	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) pursuant to which an Eligible QIB shall submit a Bid for the Equity Shares in the Issue
Bid(s)	Indication of interest of an Eligible QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bid/Issue Closing Date	November 9, 2017, which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	November 6, 2017

Term	Description
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids including any revision and/ or modification thereof
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
"Book Running Lead Manager" or "Lead Manager" "BRLM"	Book Running Lead Manager to the Issue, namely, Inga Capital Limited (*formerly known as Inga Capital Private Limited*)
CAN or Confirmation of Allocation Note	Note or advice or intimations to Eligible QIBs confirming Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all the Equity Shares Allocated to such Eligible QIBs
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, *i.e.*, on or about November 13, 2017.
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the Book Running Lead Manager
Designated Date	The date of credit of Equity Shares, pursuant to the Issue, to the Successful Applicant demat account, as applicable to the respective Successful Applicant
Eligible FPI	FPIs that are eligible to participate in this Issue and does not include Category III FPIs who are not allowed to participate in the Issue
Eligible QIBs	QIBs, as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations which are not: (a) excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and/or other applicable laws, except as specifically set forth in this Placement Document who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S
Escrow Account	The account entitled "Muthoot Capital Services Limited – QIP - 2017 Escrow Account" with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated November 6, 2017, entered into amongst our Company, the Escrow Bank and the Book Running Lead Manager for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited
Floor Price	The floor price of ₹ 628.98, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company has offered a discount of 3.81% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations
Issue	The offer, issue and Allotment of 2,727,700 Equity Shares to Eligible QIBs pursuant to Chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
Issue Price	₹ 605.00 per Equity Share
Issue Size	The issue of 2,727,700 Equity Shares aggregating to ₹ 1,650.26 million
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Pay-in Date	The last date specified in the CAN for payment of application monies by the Eligible QIBs
Placement Agreement	Agreement dated November 6, 2017 entered into amongst our Company and the Book Running Lead Manager
Placement Document	This placement document dated November 10, 2017 issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013
Preliminary Placement Document	The preliminary placement document dated November 6, 2017 issued in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being private placement to Eligible QIBs under Chapter VIII of the SEBI ICDR Regulations and applicable sections of the Companies Act
Relevant Date	November 6, 2017, which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open the Issue
Successful Applicant	Applicants who have Bid at or above the Issue Price and who will be Allocated Issue Shares

Industry Related Terms

Term	Description
ALM	Asset and liability management
AML	Anti-money laundering

Term	Description
AUM	Assets under management
Average borrowings	Average borrowings is equal to the total of our long term borrowings, short term borrowings, and current maturities of long term borrowings as at the period end and as at the previous period end, divided by two
BDE	Business Development Executives
Book value per share	Shareholders' funds divided by number of outstanding shares as at the end of financial year
Borrowings or Total Borrowings	Long term borrowings plus short term borrowings plus current maturities of the long term borrowings
CAGR	Compounded annual growth rate calculated as nth root of (Ending value divided by beginning value) less one, where n is the count of years being considered less one
CAP	Corrective Action Plan
CAR	Capital adequacy ratio
Cost to Income Ratio or Cost to Net Interest Income	Operating Expenses divided by Net Interest Income
CRAR	Capital to risk-weighted asset ratio
CRR	Cash reserve ratio
CSE	Counter Sales Executive
Dividend percentage or dividend %	Dividend per share divided by face value of the share
ECS	Electronic clearing system
Gross advances	All outstanding loans and advances as computed under the Reserve Bank of India guidelines
General provision	Contingent provisions against standard assets
Gross NPAs	Gross non-performing assets in terms of the definition in the prudential norms applicable to NBFCs issued by The Reserve Bank of India
Gross NPA %	Gross NPA divided by gross advances
IFI	Indian Financials Institution
Interest expense	Interest expended
Interest income	Interest earned
Interest coverage ratio	Profit before interest and tax divided by interest expense
IT	Information technology
KYC	Know your customer
LAF	Liquidity adjustment facility
LAP	Loans against property
LAS	Loans against shares
LC	Letter of credit
LOS	Loan Originating System
LTV	Loan to Value
MA	Marketing Agents
Market borrowings	Borrowings by way of non-convertible debentures and commercial papers
NACH	National Automated Clearing House
NBFC	Non-banking financial company registered with the RBI
NBFC- D	Deposit taking NBFC
Net advances	Gross Advances less provisions against NPAs
Net interest income or NII	Total revenue less finance cost
Net NPAs	Gross Non-Performing assets less provisions made against the NPAs
Net NPA %	Net NPAs divided by Net Advances
NPA	Non-performing asset
NPCI	National Payment Corporation of India
Operating Expenses	Sum of employee benefits expense, depreciation and amortization and other expenses
NPA Provisioning Coverage or Provisioning Coverage Ratio or Coverage Ratio	(Gross NPA amount - Net NPA amount) divided by Gross NPA amount
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India
Reverse Repo Rate	The rate at which RBI borrows money from banks in India
Return on average receivables under financing activity or ROA or ROAA	Profit for the year divided by (opening receivables under financing activity plus closing receivables under financing activity) divided by two
Return on average equity or ROAE or ROE or Return on average net	Profit for the year divided by (opening Shareholders' funds plus closing Shareholders' funds) divided by two)

Term	Description
worth	
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
SEs	Sales Executives
Shareholders' funds	Capital and Reserves and surplus and Money received against share warrants
SME	Small and medium enterprises
Tier I Capital	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
Tier II Capital	Tier II Capital includes: (a) preference shares other than those which are compulsorily convertible into equity; and (b) revaluation reserves at discounted rate of fifty five per cent

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AOP	Association of persons
AS	Accounting Standards issued by ICAI, as required under Companies Act
AY	Assessment year
BSE	BSE Limited
Calendar Year	Year ending on December 31
Category III Foreign Portfolio Investor	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CFO	Chief finance officer
COO	Chief Operating Officer
CS	Company Secretary
CIN	Corporate identity number
CRISIL Report	The report titled "*Auto Finance, Two-Wheeler Finance and Consumer Durable Finance*" issued by CRISIL in October, 2017
CSR	Corporate social responsibility
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
Competition Act	The Competition Act, 2002, as amended
DIN	Director identification number
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECS	Electronic clearing service
EGM	Extraordinary general meeting
EPS	Earnings per share
ESI	Employee State Insurance
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy not of 2017, effective from August 28, 2017, as amended from time to time
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
"Financial year" or "Fiscal Year" or "FY" or "Fiscal"	Period of 12 months commencing on April 1 of each calendar year and ending on March 31 of the following calendar year, unless otherwise stated

Term	Description
FIPB	Foreign Investment Promotion Board of the Ministry of Finance, Government of India
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor or qualified foreign investor who held a valid certificate of registration was deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees had been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GIR	General index registrar
GoI/Government	Government of India, unless otherwise specified
GST	Goods and services tax; a proposed reform to Indian tax laws relating to indirect taxes on goods and services
HNIs	High net worth individuals
HR	Human resources
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
IndAS/ INDAS	Indian accounting standards converged with IFRS, as notified by the Ministry of Corporate Affairs vide Companies (Indian Accounting Standards) Rules, 2015 in its general statutory rules dated February 16, 2015, as amended
Indian Accounting Standard Rules	Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally accepted accounting principles in India as prescribed under the Companies (Accounting Standard) Rules, 2006
IT	Information technology
IT Act	The Income Tax Act, 1961, as amended
MAT	Minimum alternate tax
MCA	The Ministry of Corporate Affairs, Government of India
MIS	Management Information System
MNC	Multinational corporation
MoU	Memorandum of understanding
Mn/ million	Million
MSEs	Micro and small enterprises
NEFT	National electronic fund transfer
NGOs	Non-government organisations
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
NRE	Non-resident (external)
NRI	Non-resident Indian
NRO	Non-resident Ordinary
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax
PBT	Profit before tax
PF	Provident Fund
PLM Act	Prevention of Money Laundering Act, 2002, as amended
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies
₹/Rupees/INR	Indian Rupees
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI

Term	Description
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Insider Trading Regulations, 2015	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEC	United States Securities and Exchange Commission
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
SEZ	Special economic zone
SICA	The Sick Industrial Companies Act, 1985, as amended
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011, as amended
U.S. $/U.S. dollar/ USD	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
USA/U.S./United States	The United States of America
VCF	Venture capital fund

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of our company indicating both registered office and corporate office.	Cover Page and Last Page
b.	Date of incorporation of our company.	Cover Page and 176
c.	Business carried on by our company and its subsidiaries with the details of branches or units, if any.	105-120
d.	Brief particulars of the management of our company.	126-132
e.	Names, addresses, DIN and occupations of the directors.	126-127
f.	Management's perception of risk factors.	39-57
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	174
(ii)	Debentures and interest thereon;	174
(iii)	Deposits and interest thereon; and	174
(iv)	Loan from any bank or financial institution and interest thereon.	174
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of our company, if any, for the private placement offer process.	Last Page
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	33
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	33
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	33
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	Cover Page and 33
e.	Name and address of the valuer who performed valuation of the security offered.	N.A.
f.	Amount which our company intends to raise by way of securities.	33
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	N.A.
(ii)	Rate of dividend;	N.A.
(iii)	Rate of interest;	N.A.
(iv)	Mode of payment; and	N.A.
(v)	Repayment.	N.A.
h.	Proposed time schedule for which the offer letter is valid.	17-18
i.	Purposes and objects of the offer.	61
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	61
k.	Principle terms of assets charged as security, if applicable.	N.A.
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	132
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	174
c.	Remuneration of directors (during the current year and last three financial years).	129-130
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	132
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of our company	174

Sr. No.	Disclosure Requirements	Relevant page of this Placement Document
	and the corrective steps taken and proposed to be taken by our company for each of the said reservations or qualifications or adverse remark.	
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for our company and all of its subsidiaries.	174
g.	Details of acts of material frauds committed against our company in the last three years, if any, and if so, the action taken by our company.	174
4.	**FINANCIAL POSITION OF OUR COMPANY**	
a.	The capital structure of our company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	63
(b)	Size of the present offer; and	63
(c)	Paid up capital:	63
(A)	After the offer; and	63
(B)	After conversion of convertible instruments (if applicable);	N.A.
(d)	Share premium account (before and after the offer).	63
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	63
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	63
b.	Profits of our company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	37 and 178
c.	Dividends declared by our company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	64 and 85
d.	A summary of the financial position of our company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	36-38
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	178
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of our company.	74
5.	**A DECLARATION BY THE DIRECTORS THAT**	402-403
a.	Our company has complied with the provisions of the Act and the rules made thereunder.	
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF BUSINESS

Overview

We are a deposit taking non banking financial company ("**NBFC-D**") registered with Reserve Bank of India since the year 1998 and are engaged in the business of providing consumer lending and wholesale lending to various individuals and small sized corporates. We are part of the Muthoot Pappachan Group. We have credit ratings of (A-/Stable) for our long term debt portfolio and of (A1/ Stable), for our short term debt portfolio, from CRISIL. Further, our public deposits have been assigned a (FA-/ Stable) rating by CRISIL.

Over the years, we have primarily focused on and have grown our vehicle finance business (mainly two wheeler loans) in a structured manner, through expansion of our network and with a dedicated team of experienced professionals. Our Company started its finance business in the year 2001, including by way of gold loans, vehicle finance, *etc*. However, two-wheeler financing has been the core business of our Company since the year 2008. We started our two-wheeler financing operations in Kerala and have expanded our operation to the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Goa, Maharashtra and Gujarat. Since the year 2015 we have also started our operations in the North and Eastern States of India. As at June 30, 2017, our Company operates its business in 16 States and one Union Territory in India.

Presently, our business has two verticals, namely, (a) Consumer Lending, and (b) Whole-sale Lending.

Consumer Lending

Our Consumer Lending segment, primarily, provides financing to self-employed individuals, salaried employees and housewives, majority of which is backed by guarantors. It comprises:

- *Two-wheeler (motorcycle/ scooter) loans* – We extend financing for purchase of new two wheelers, primarily, in the rural and semi urban areas of the States and/or Union Territory in which we operate our business. As of June 30, 2017, the average ticket size of our loans is ₹ 0.05 million. We operate our two-wheeler financing business, (i) from the premises of vehicle dealers ("**Dealer Points**"), through our employees or marketing agents or outsourced employees or sub-dealers, and (ii) through the branch network of Muthoot Fincorp Limited ("**MFL**"), a company of the Muthoot Pappachan Group. As at June 30, 2017, (i) approximately 83.64% of our total two-wheeler financing business, in terms of our revenue, is sourced from Dealer Points, and (ii) approximately 16.36% of our total two-wheeler financing business, in terms of our revenue, is sourced from MFL branches. Additionally, our Company has entered into an arrangement with Muthoot Microfin Division ("**MM**"), a division of the MFL and dealing in micro finance business, for sourcing of two-wheeler loans, to the existing customers of MM. Presently, MM customers have been offered our loans in the states of Kerala and Tamil Nadu.

- *Top-up loans* – We also provide top-up financing facilities ("**Top-Up Loans**") to our existing customers. Top-Up Loans are additional financing in the form of personal loans provided to our existing customers who have a track record of timely repayment, towards the end of the tenure of their existing loans availed from us. Top-Up Loans can be availed for an amount of upto ₹ 0.04 million with an average tenure of 19 months. In the event, our existing customers choose to avail a Top-Up Loan, final settlement of their existing facility with us takes place only upon repayment of the Top-Up Loan. Top-Up Loans were added to our Consumer Lending segment in the year 2015 and we have been focusing on expanding this segment.

Within our Consumer Lending vertical, we primarily focus on the two-wheeler financing segment. As at June 30, 2017, our Company has approximately 3,600 activated Dealer Points. Further, as at June 30, 2017 our Company operates its two-wheeler business through approximately 3,500 MFL branches. Our Company has arrangements as the '*most preferred financer*' with certain large vehicle manufacturers for two-wheeler financing, as at June 30, 2017. Additionally, our Company was awarded "*Fastest Growing Two Wheeler Financier Company Pan-India*" and "*No. 1 Finance in Kerala*" by Honda Motorcycle and Scooter India Private Limited in the year 2017.

As at Fiscal 2017, our Consumer Lending segment AUM was ₹ 12,564.86 million, which represented 87.27 % of our total AUM, of which ₹12,472.94 million, was from two-wheeler finance/ hypothecation loans and ₹ 19.15 million, which represented 0.13 % of our total AUM was from Top-Up Loans. Further, of our two-wheeler financing segment, ₹ 10,184.11 million, which represented 70.73 % of our total AUM was from Dealer Points, and ₹ 2,307.98 million, which represented 16.04% of our total AUM was from MFL branches. We propose to grow our Consumer Lending segment by identifying opportunities to extend financing for consumer durable, used car and personal loans.

Whole-Sale Lending

Our Whole-Sale Lending segment provides corporate finance to, small sized corporates, including, NBFCs and entities that have association with the Muthoot Pappachan Group over a considerable period of time. We operate our Whole-Sale Lending business through, (i) direct customers from our Registered Office, or (ii) individuals and/or organizations who act as arrangers to us on a non-exclusive basis. We provide Whole-Sale Lending in a very selective manner and as a strategic product, primarily to increase our loan portfolio by offering financing to only such NBFCs and/or small corporates who have, provided funds to retail and SME segment, have experienced promoters and management, proven business model and sound financial and repayment track record.

As at Fiscal 2017, our Whole-sale Lending Segment AUM was ₹ 1,823.43 million, which represented 12.66 % of our total AUM.

For the Fiscals 2015, 2016 and 2017 our total AUM was, ₹ 8,458.27 million, ₹ 10,387.89 million and ₹ 14,397.63 million, respectively, representing CAGR of 30.47%. Further, for the Fiscals, 2015, 2016 and 2017, our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, and 6.16%, respectively, and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, and 4.85%, respectively.

Our Company's CRAR for the Fiscals 2015, 2016 and 2017, computed on the basis of applicable RBI requirements is set forth in the table below:

Particulars	Fiscal		
	2017	2016	2015
CRAR – Tier I capital (%)	13.61	13.73	15.40
CRAR – Tier II capital (%)	3.37	1.67	0.57
Total CRAR (%)	16.98	15.40	15.97

For the Fiscals 2015, 2016 and 2017, (i) our total revenue was, ₹ 1,912.86 million, ₹ 2,284.94 million and ₹ 2,842.00 million, respectively, representing a CAGR of 21.89 % and (ii) our profit was ₹ 222.92 million, ₹ 228.53 million and ₹ 300.92 million, respectively representing a CAGR of 16.19 %.

As of June 30, 2017, we had more than approximately 450,000 customers and 2,022 full-time employees.

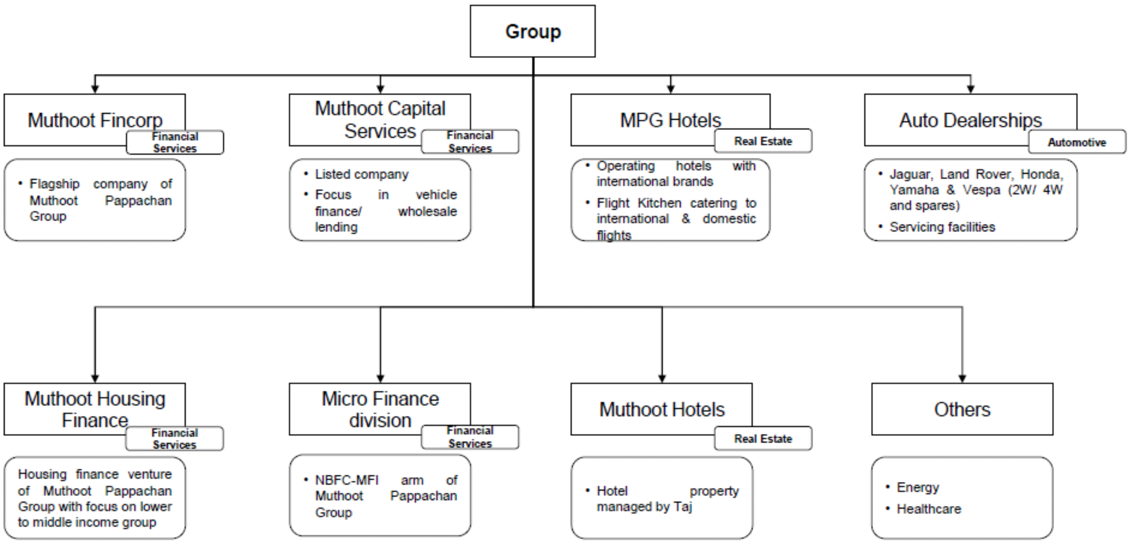
Further, we started collection of deposits since the year 2013. As at June 30, 2017, our deposit registers records an outstanding deposit of ₹ 1,053.50 million which constituted 9.56 % of our total borrowings.

History and Structure

We started our operations in the year 1994 as a public limited company engaged in the business of investments in the capital markets. However, for aligning with the business of the Muthoot Pappachan Group, our Company registered itself as an NBFC-D with the RBI in the year 1998. Our Company started its financing operations primarily with gold loans in the year 2001. Our Company started its financing operations in the year 2001 to finance the existing customers of the Muthoot Pappachan Group including by way of vehicle financing and gold loans. However, since the year 2008, our Company has been primarily focused on two-wheeler financing. Subsequently, between the years 2013 and 2014 our Company also diversified into , (i) collection of public deposits and subordinated debts and (ii) Whole-Sale Lending and Top-up Loans.

Our Equity Shares were listed, on BSE in the year 1995 pursuant to an initial public offering and on the NSE in the year 2015.

Our Company is part of the Muthoot Pappachan Group which has a history of around 130 years. The operations of the Muthoot Pappachan Group can be broadly divided into financial services and non-financial services. Stated below is the corporate structure of the group:



Our Strengths

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

1. ***The Muthoot Brand***

The Muthoot Pappachan Group was founded in the year 1887 with the vision '*to be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products*'. We believe that, on account of over 130 years old history of the Muthoot Pappachan Group, the brand "Muthoot" has emerged as a trusted brand in Kerala and other parts of South India and it continues to expand its presence in other parts of the country. For instance, we leverage the branch network of MFL, a company of the Muthoot Pappachan Group. Additionally, we intend to expand our business, through MM, which is a company of the Muthoot Pappachan Group dealing in micro finance business with a customer base of over one million and with operations in 13 States as of June 30, 2017. We have entered into an arrangement with MM, for sourcing of two-wheeler loans from the customers of MM. Therefore, we benefit from the existing customer base and reputation of the Muthoot brand while expanding our operations to new states and regions, including by way of cross-selling of our products to such customers.

2. ***Robust financial performance***

We have continued to deliver strong financial performance. The following financial indicators demonstrate our growth over the years:

AUM: Our total AUM was ₹ 8,458.27 million, ₹ 10,387.89 million and ₹ 14,397.63 million for the Fiscals 2015, 2016 and 2017, respectively, representing a CAGR of 30.47 % from Fiscal 2015 to Fiscal 2017.

Net interest income: For the Fiscals 2015, 2016 and 2017, our net interest income (total revenue less finance costs) was ₹ 1,145.16 million, ₹ 1,414.98 million and ₹ 1,802.54 million, respectively, representing a CAGR of 25.46 % from Fiscal 2015 to Fiscal 2017.

Profit after tax: For the Fiscals 2015, 2016 and 2017 our profit after tax for the year was ₹ 222.92 million, ₹ 228.53 million and ₹ 300.92 million, respectively, representing a CAGR of 16.19 % from Fiscal 2015 to Fiscal 2017.

Earnings Per Share: Our basic earnings per share for the Fiscals 2015, 2016 and 2017 was ₹ 17.87, ₹ 18.32 and ₹ 24.13, respectively, representing a CAGR of 16.20 % from the Fiscal 2015 to the Fiscal

2017.

ROAE: Our ROAE (also referred as return on average equity) for the Fiscals 2015, 2016 and 2017 was 17.70 %, 16.25 % and 18.47%, respectively.

ROAA: Our ROAA (return on average receivables under financing activity) for the Fiscals 2015, 2016 and 2017 was 2.90 %, 2.43 % and 2.68 %, respectively.

Book Value Per Share: Our book value per share for the Fiscals 2015, 2016 and 2017 was ₹ 106.87 , ₹ 118.57 and ₹ 142.70, respectively, representing a CAGR of 15.55 % from Fiscal 2015 to Fiscal 2017.

Income Ratio: Our cost to income ratio for the Fiscals 2015, 2016 and 2017 was 82.14%, 84.49% and 83.75 %, respectively.

Net Interest Margin: Our net interest margin for the Fiscals 2015, 2016 and 2017 was 14.15 %, 13.28 % and 12.87 %, respectively.

3. ***Focused business model and Customer Centric Products***

We have a focused lending business model, particularly two wheeler loans, which allows us to master the skill of understanding the specific customer need and solutions for the borrowers. We believe we are a customer centric organization and we service approximately 450,000 active loan accounts as of June 30, 2017. We have developed strong relationships with our customer, including, through in-person contact by addressing their financial needs, by leveraging our knowledge of the local markets through our brand 'Muthoot' and widespread network of MFL branches. As on June 30, 2017, our Company has approximately 3,600 activated Dealer Points through its employees/ Marketing Agents/ outsourced employees and sub dealers. Further, as of June 30, 2017 our Company operates its two-wheeler business through approximately 3,500 MFL branches. Therefore, our extensive network increases our interaction with customers and helps us understand their financing requirements. Accordingly, this enables us customize our products to meet their requirements. For instance, to meet any interim requirement of funds of our customers, we introduced top-up loans in the year 2015.

Interactions with our customers are primarily undertaken by our own employees and/or representatives for both sourcing and collection. As a part of our customer centric approach, we have undertaken the following steps:

- *Hire local personnels*: We primarily recruit employees locally or use locally employees from our manpower suppliers, which ensure better understanding of customer in that region and their requirement. In our experience, personal contact with customer in rural and semi-urban market results in high collection efficiency;

- *Establish relationships with vehicle manufacturers and dealers*: We benefit from our relationships with vehicle manufactures and dealers. Further, with certain manufacturers enter into arrangements of 'most preferred financers' from time to time. As of June 30, 2017, our Company has such arrangements with certain large vehicle manufacturers for two-wheeler financing; and

- *Customer specific schemes*: We endeavor to create specific schemes for the benefit of individual customer based on their specific requirement.

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

All of our principle risks are assessed, identified and monitored through a team that is currently headed by our Credit and Operations Head. We continue to invest considerable time and efforts in developing customized credit assessment and operations processes. We have a contemporary loan origination system, strict monitoring framework and systems to ensure high standards of on-boarding, credit quality and portfolio performance. We are in the process of implementing sophisticated analytics and automated credit scoring solutions for credit evaluation.

Our Company makes provisions based on norms and standards laid down by the RBI relating to the provisioning of delinquent loans. We create a provision as per RBI norms and standards in respect of all standard assets. For further details, see "*Management Discussion & Analysis of Financial Condition – Critical Accounting Policies – Provisions*" on page 69.

We believe that our credit and risk management policies have helped us maintain relatively low NPA levels. As at Fiscals 2015, 2016 and 2017, our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, and 6.16%, respectively, and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, and 4.85%, respectively. Our NPA provisioning coverage ratio as at Fiscals 2015, 2016 and 2017 was 15.75%, 16.84%, and 22.40%, respectively.

5. ***Significant Presence in Rural and Semi-Urban Markets with Focus on Low and Middle Class Income Customers***

With the vision '*to be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products*', the Muthoot Pappachan Group has over 130 years of experience in operating in rural and semi-urban markets of India. As at June 30, 2017, our Company operates through, (i) approximately 3,600 activated Dealer Points, and (ii) approximately 3,500 MFL branches, majority of which, are located in rural and semi-urban markets.

We believe that we have successfully adopted a strategy of contagious expansion across regions, which has enabled us to increase our customer base in 16 states and one Union Territory in which we operate. We believe, a large segment of India's rural and semi-urban population is currently unserved by formal financial institutions on account of being in unbanked regions. Over the years, we have focused on customers in such markets, particularly those without a credit history, that offer us significant growth opportunities and customer loyalty. We believe that our understanding of the local characteristics of these markets and customers has allowed us to address the unique needs of our low and middle income customers and assisted us to penetrate deeper into such markets. The reach of our network, through the MFL branches and Dealer Points allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees.

6. ***Experienced Management Teams and Qualified Operational Personnel***

We have an experienced management team, which is supported by a qualified, capable and motivated pool of managers and employees. Our Key Management Personnel have been with us for an average of nine years. Our management team and managers have diverse experience in area of financial products and functions related to our business and operations. Our managers have an in-depth understanding of the geographic regions, loan products and types of collateral and businesses of borrowers they cater. We focus on hiring individuals with experience, drive and commitment. We believe that the strength of our management team combined with our decentralized business model enables us to take advantage of strategic market opportunities, to make decisions at the local level quickly and serve our customers better.

7. ***Effective use of technology***

We make use of technology in our day to day operations to improve efficiency and reduce the manpower and turnaround time. We have mobile applications in place to capture the data of the customer at the Dealer Point which is fed into the loan origination software, the next steps for processing of the loans take place without any physical coordination.

We also have a customized platform for loan origination and credit underwriting, which allows our credit officers to generate scorecards to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors including an individual's internal credit rating, external credit rating (CIBIL), salary details and other asset details. With the help of this platform, our credit officers are provided with the data to approve/reject a loan within minutes. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

We also have a data analytics platform, which analyzes customer information and helps us in originating new loan products, cross-selling our current loan products and determine eligible customers for new products floated by our Company.

The web portal provides facilities such as part-prepayment, foreclosure and payment of overdue instalments using internet banking.

Additionally, we have customer support call centers which provides the customers with required information and assistance.

We believe that our customer service initiatives coupled with the effective use of technology has helped us achieve recognition and secure both new and repeat business in our lending operations.

Our Strategy

In line with the vision of the Muthoot Pappachan Group, we aim to '*to be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products*' by continuing to pursue the following strategic actions:

1. ***Broad base our liabilities***

We plan to have a judicious mix of borrowings to achieve an optimal cost of funds while balancing liquidity and concentration risks. As at June 30, 2017, our total borrowings (long-term borrowings, short-term borrowings and current maturities of long-term borrowings) comprised 83.64 % through bank borrowings, 0.18 % through non-convertible debentures, and 4.91 % through subordinated (Tier II) redeemable non-convertible debentures), and 9.56 % through public deposits. As a part of our strategy to broad base our borrowings, we intend to increase the percentage share of public deposits as part of our total borrowings.

With a view to broad-base the borrowing and also to improve the capital adequacy ratio, our Company has started securitization transactions since the Fiscal 2017. As at June 30, 2017, our Company has undertaken securitization transactions amounting to ₹ 4,309.70 million, which we believe has and will continue to help Company generate additional funds at lower costs besides improving our capital adequacy ratio.

2. ***Grow our network and enhance brand presence***

We seek to leverage and enhance our brand to build our presence in the NBFC sector and develop new customer and industry relationships beyond our existing business lines over a period of time. We seek to build our brand by continuing to engage with existing and potential customers thorough customer literacy programs, sponsor popular events in the regions we operate and place advertisements in newspapers, on the radio and in other advertising media. As at June 30, 2017, we have funded a customer base of approximately 450,000. Therefore, we believe that we understand the requirements of Consumer Lending, more specifically in the rural and semi-urban markets and we intend to work towards providing additional tailored products and services in these markets by leveraging our knowledge and wide network.

As on June 30, 2017, our Company has operations in 16 States and one Union Territory, through approximately 3,600 activated Dealer Points and approximately 3,500 MFL branches. While historically most of our operations were focused in Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, Goa, Maharashtra and Gujarat, over the years we have expanded our operations in Punjab, Haryana, Delhi, Uttar Pradesh, Rajasthan, Madhya Pradesh, West Bengal and Orissa. In line with our contagious expansion plan, we propose to start our operations in other states and regions with existing operations of the Muthoot brand so as to establish a complete pan-India presence of our Company. For instance, we are presently operating in peripheral areas of Goa and Gujarat, therefore, we propose to penetrate further in these regions to establish our presence in major cities and interiors equally. Further, we intend to continue expanding our network of and manpower at Dealer Points and MFL branches to drive greater and deeper penetration in the regions in which we operate, focusing on low and middle income individuals and businesses that have limited or no access to formal banking and finance channels, spread across rural, semi-urban and urban markets. For instance, we propose to increase our manpower at various existing Dealer Points and aggressively pursue the MFL branches for higher volume of business sourcing from their new and exiting operations. Additionally, we intend to increase our Dealer Points by tie-ups with new dealers in regions where we are currently operating.

3. ***Diversification of product offerings***

We propose to offer a broader range of financing products and services as part of our operations. We intend to expand beyond our core existing business line of two-wheeler financing to offer products and services to meet the requirements of customers primarily in the semi-urban and rural markets, such as, financing of consumer durables, personal loans, financing of pre-owned car, *etc.* We believe that our experience in our current business lines will assist us in developing our business and introduce new products and services to meet the evolving needs of our customers. We intend to operate as a one-stop shop, delivering high quality products and services, along with a standardized customer experience across our network to a diversified customer base.

We believe that growth of our operations will provide support across our various existing product offerings and business verticals and enable us to serve our existing customers' liquidity and cash flow requirements more effectively. Further, our new product offerings would enable us to supplement our existing sources of liquidity. Our new product and service offerings combined with our existing offerings and infrastructure presents us with an opportunity to cross-sell a diverse range of financial products and services to our existing and potential customer base.

4. ***Focus on profitable growth and deliver a sustainable ROA and ROE in the medium term***

As at Fiscals 2017, our Consumer Lending segment AUM was ₹ 12,564.86 million, which represented 87.27% of our total AUM, of which ₹ 12,472.94 million, which represented 86.63 % of our total AUM, was from two-wheeler finance/ hypothecation loans and ₹ 19.15 million, which represented 0.13 % of our total AUM was from top-up loans. Further, our Consumer Lending segment AUM grew at a CAGR of 25.34 % from Fiscal 2015 to Fiscal 2017. Additionally, our disbursements in the Consumer Lending segment grew from 138,832 loans amounting ₹ 5,924.53 million to 232,324 loans amounting ₹ 11,350.45 million from Fiscal 2015 to Fiscal 2017. Our live customer base in this segment grew from 288,282 to 419,620 from Fiscal 2015 to Fiscal 2017.

As at Fiscal 2017, our Whole-sale Lending segment AUM was ₹ 1,823.43 million, which represented 12.66 % of our total AUM. Our disbursements in the Whole-sale Lending grew from 44 loans amounting ₹ 563.91 million to 64 loans amounting ₹ 1,627.80 million from Fiscal 2015 to Fiscal 2017. Our live customer base in this segment grew from 24 to 56 from Fiscal 2015 to Fiscal 2017.

CRISIL Research expects the two-wheeler sales growth to be 11-13% CAGR in 2017-18 & 2018-19, up from 7% in the previous fiscal, supported by good crop output, pay commission rollouts and low base of 2016-17 (due to demonetisation and BS IV). The growth will also be supported by the expected 9-11% CAGR revival in motorcycle demand (which accounts for nearly 63% of total two-wheeler sales) and 18-20% CAGR growth in the scooters segment in 2017-18 and 2018-19, supported by aggressive model launches by players amid the shift in consumer preference to this category. Greater focus on the rural consumers, newer models with better fuel efficiency, and a wider distribution network in the semi-urban and rural areas will drive scooter sales. Also, financing penetration in scooters is lower than that of motorcycles, providing ample room for total loan disbursement growth. We propose to start our operations in other states and regions with existing operations of the Muthoot brand so as to establish a complete pan-India presence of our Company. Further, we intend to continue expanding our network of and manpower at Dealer Points and MFL branches to drive greater and deeper penetration in the regions in which we operate, focusing on low and middle income individuals and businesses that have limited or no access to formal banking and finance channels, spread across rural, semi-urban and urban markets. For instance, we propose to increase our manpower at various existing Dealer Points and aggressively pursue the MFL branches for higher volume of business sourcing from their new and exiting operations. Additionally, we intend to increase our Dealer Points by tie-ups with new dealers in regions where we are currently operating.

We intend to expand our business, through MM, which is a company of the Muthoot Pappachan Group dealing in micro finance business with a customer base of over one million and with operations in 13 States as of June 30, 2017. We have entered into an arrangement with MM, for sourcing of two-wheeler loans from the customers of MM. Therefore, we intend to leverage the existing network of MM to grow in the micro finance space without deploying any additional resources.

Further, in order to increase our AUM we intend to expand our product offerings and increase the loan portfolio of our Company. In the Consumer Lending segment, we intend to expand beyond our core existing business line of two-wheeler financing to offer products and services to meet the requirements of customers primarily in the semi-urban and rural markets, such as, financing of consumer durables, personal loans, financing of pre-owned car, *etc.* Additionally, we propose to expand our offerings and loan portfolio in the Whole-Sale Lending segment by leveraging our experience in the NBFC sector and financing the requirements of small sized NBFCs and corporates.

5. ***Improve productivity and reduce risks through the use of advanced technology and analytics***

We plan to continue to improve our productivity, reduce risks and improve our customer service through the use of technology and analytics. Presently, we have mobile applications in place to capture the data of the customer at the Dealer Point. Subsequently, based on such data which is fed into the loan origination software, the next steps for processing of the loans take place without physical coordination and thereby, minimizing human intervention.

Therefore, in order to maintain an efficient and quick system for processing of loan authorization and collection and to lower the risk we propose to implement and improve our technology and analytics systems in place. Additionally, we intend to train our employees in new technology and processes to increase their productivity and efficiencies.

SUMMARY OF THE ISSUE

The following is a general summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the section titled "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on page 39, 61, 145, 135 and 160, respectively.

Issuer	Muthoot Capital Services Limited
Issue Price	₹ 605.00 per Equity Share
Face Value	₹ 10 per Equity Share
Floor Price	₹ 628.98 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company has offered a discount of 3.81% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.
Issue Size	2,727,700 Equity Shares, aggregating to ₹ 1,650.26 million. A minimum of 10% of the Issue Size, *i.e.*, up to 272,770 Equity Shares shall be available for Allocation to Mutual Funds only and balance of up to 2,454,930 Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution	September 9, 2017
Date of Shareholders' Resolution	October 15, 2017
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations and not, excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, to whom this Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue. The Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S. The list of QIBs to whom the Preliminary Placement Document and Application Form was delivered, was determined by the Book Running Lead Manager in consultation with our Company, at its sole discretion. Please see section "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Transfer Restrictions*" on page 138, 147 and 154, respectively.
Dividend	Please see section "*Description of the Equity Shares*", "*Dividends*" and "*Taxation*" on page 160, 64 and 163, respectively.
Indian Taxation	Please see section "*Taxation*" on page 163.
Equity Shares issued and outstanding immediately prior to the Issue	13,719,833 Equity Shares.
Equity Shares issued and outstanding immediately after the Issue	16,447,533 Equity Shares.
Listing	Our Company has obtained in-principle approvals in terms of Clause Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares issued pursuant to the Issue from the BSE and NSE on November 6, 2017. Our Company will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares.
Lock-up	Our Company undertakes that it will not for a period of 180 days from the date of Allotment under the Placement Agreement, without the prior written consent of the Book Running Lead Manager, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing or (b) enter into any swap or other agreement or any transaction

	that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. Provided that the foregoing restriction shall not apply to an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by our Company. Our Company acknowledges that each Promoter has undertaken that it will not for a period of 180 days from the date of Allotment, without the prior written consent of the Book Running Lead Manager, directly or indirectly: (a) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. The Promoter lock-up undertaking shall be substantially in the form of as mentioned in the Placement Agreement and shall be delivered to the Book Running Lead Manager on or prior to the date of this Placement Agreement and shall be in full force and effect on the Closing Date.
Transferability Restrictions	The Equity Shares to be Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Please see section "*Transfer Restrictions*" and "*Selling Restrictions*" on page 154 and 147, respectively.
Use of Proceeds	The gross proceeds from the Issue will be approximately ₹ 1,650.26 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹1,617.76 million. Please see section "*Use of Proceeds*" on page 61, for information regarding the use of net proceeds from the Issue.
Risk Factors	Please see section "*Risk Factors*" on page 39 for a discussion of risks you should consider before investing in the Equity Shares.
Pay-In Date	Last date specified in the CAN sent to the Eligible QIBs for payment of application money.
Closing	The Allotment of the Equity Shares, expected to be made on or about November 13, 2017.
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of

<table>
<tr><td></td><td colspan="2">our Company, including rights in respect of dividends.

The Shareholders (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Bid/ Issue Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "Dividends" and "Description of the Equity Shares" on page 64 and 160, respectively.</td></tr>
<tr><td rowspan="3">Security Codes for the Equity Shares</td><td>ISIN</td><td>INE296G01013</td></tr>
<tr><td>BSE Code</td><td>511766</td></tr>
<tr><td>NSE Code</td><td>MUTHOOTCAP</td></tr>
<tr><td>Minimum Offer Size</td><td colspan="2">The minimum value of offer or invitation to subscribe to each Eligible QIB is ₹ 20,000 of the face value of the Equity Shares</td></tr>
</table>

SUMMARY FINANCIAL INFORMATION

MUTHOOT CAPITAL SERVICES LIMITED
SUMMARY OF BALANCE SHEET

(Rs in million)

Particulars	As at		
	31 Mar 17	31 Mar 16	31 Mar 15
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	124.73	124.73	124.73
Reserves and Surplus	1 655.12	1 354.20	1 208.23
	1 779.85	**1 478.93**	**1 332.96**
Non-Current Liabilities			
Long-term borrowings	547.11	288.19	127.02
Other long term liabilities	17.14	8.34	8.04
	564.25	**296.53**	**135.06**
Current Liabilities			
Short-term borrowings	8 159.03	7 329.79	5 846.50
Other current liabilities	2 050.78	1 490.46	1 247.58
Short-term provisions	227.98	125.36	152.32
	10 437.79	**8 945.61**	**7 246.40**
Total	**12 781.89**	**10 721.07**	**8 714.42**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	22.30	18.26	20.44
Intangible assets Under Development	3.62	.00	.00
Non-current investments	63.96	137.51	132.51
Deferred tax assets (net)	65.65	46.81	27.02
Long term receivables from financing activities	54.93	15.31	3.92
Long term loans and advances	3.44	2.35	1.68
Other Non - Current Assets	3.41	3.21	6.76
	217.32	**223.45**	**192.33**
Current assets			
Current investments	83.54	.00	2.85
Cash and cash equivalents	144.85	80.08	65.77
Receivables from financing activities	11 981.79	10 372.58	8 401.60
Short term loans and advances	28.56	38.70	21.38
Other current assets	325.83	6.26	30.49
	12 564.57	**10 497.62**	**8 522.09**
Total	**12 781.89**	**10 721.07**	**8 714.42**

MUTHOOT CAPITAL SERVICES LIMITED
SUMMARY OF STATEMENT OF PROFIT AND LOSS

(Rs in million)

Particulars	Year ended		
	31 Mar 17	31 Mar 16	31 Mar 15
Income			
Revenue From Operations	2 840.45	2 278.20	1 904.84
Other Income	1.55	6.75	8.02
Total Revenue (I)	**2 842.00**	**2 284.95**	**1 912.86**
Expenses			
Employee Benefit Expense	531.46	466.97	392.95
Finance Costs	1 039.46	869.96	767.71
Depreciation and Amortization Expense	9.90	10.32	13.90
Other Expenses	578.07	408.85	360.77
Provisions and Write Off	221.24	174.34	35.89
Total Expenses (II)	**2 380.13**	**1 930.45**	**1 571.21**
Profit Before Tax (I - II)	**461.87**	**354.50**	**341.65**
Tax Expenses			
Current Tax	181.50	143.40	132.30
Deferred Tax	(18.84)	(19.80)	(13.60)
Income Tax Adjustment For Earlier Years	(1.71)	2.36	.04
Total Tax Expenses	**160.95**	**125.96**	**118.74**
Profit For The Year	**300.92**	**228.54**	**222.91**

MUTHOOT CAPITAL SERVICES LIMITED
SUMMARY OF STATEMENT OF CASHFLOWS

(Rs in million)

Particulars	Year ended		
	31 Mar 17	**31 Mar 16**	**31 Mar 15**
Net Cash Flow (Used in) / Generated from Operating Activities (**A**)	(1 065.39)	(1 661.10)	(1 277.27)
Net Cash Flow (Used in) / Generated from Investing Activities (**B**)	(16.40)	3.46	(71.85)
Net Cash Flow (Used in) / Generated from Financing Activities (**C**)	1 068.51	1 654.55	1 298.50
Net (Decrease) / Increase in Cash and Cash Equivalents during the year (A+B+C)	(13.28)	(3.09)	(50.62)
Cash and Cash Equivalents at beginning of the year	23.48	26.57	77.19
Cash and Cash Equivalents at end of the year	10.20	23.48	26.57

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The investors should carefully consider all the information in this Placement Document, including the risk and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks actually occur, our Company's business, results of operations and financial condition could suffer, the trading price of its Equity Shares could decline, and the investors may lose all or part of their investment.

Unless otherwise stated in the relevant risk factors set forth below, our Company is not in a position to specify or quantify the financial or other implication of any risks mentioned herein.

INTERNAL RISK FACTORS

1. *We depend on our two-wheeler financing business, any adverse impact on two wheeler industry shall affect our revenue and results of operations.*

Since the year 2008, our Company has primarily focused on the two-wheeler financing segment. As at Fiscal 2017, our Consumer Lending segment AUM was ₹ 12,564.86 million, which represented 87.27% of our total AUM, of which ₹ 12,472.94 million, which represented 86.63 % of our total AUM was from two-wheeler finance/ hypothecation loans. Therefore, we depend highly on our two-wheeler financing segment for our business and revenues. For details on contribution of two-wheeler financing business to our total AUM over the last three Fiscals, please see "*Business*" on page 105. Accordingly, any adverse impact on the two-wheeler industry due to any economic or external factors, may adversely impact our business.

2. *A major part of our network through the MFL branches is concentrated in southern India and any downturn in the economy or any change in consumer preferences in such region could adversely impact the business and operations of our Company.*

87.14 % of disbursement for Fiscal 2017 and 81.97% of disbursement of Q1 of Financial Year 2017-2018 took place in southern states like Andhra Pradesh, Karnataka, Tamil Nadu and Kerala. Any disruption, disturbance or breakdown in the economy of these states could adversely affect the result of business and operations of our Company. Concentration in the southern states exposes our Company to any adverse geological, ecological, economic and/or political circumstances that may arise in that region as compared to other NBFCs/commercial banks that have diversified national presence. If there is a sustained downturn in the economy of south India or a sustained change in consumer preferences in that region, the financial position of our Company may be adversely affected. Further, we cannot assure you that the demand for our products will grow, or will not decrease, in the future, in the states of our operation and such factors may have an adverse effect on our results of operations and financial condition.

3. *Inability to manage the level of our NPAs in the loan portfolio could adversely impact our profitability.*

Our Company is predominantly in the business of two-wheeler financing, which has delinquencies and high level of NPA. As at Fiscals 2015, 2016 and 2017 and June 30, 2017, our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, 6.16% and 7.38%, respectively and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, 4.85% and 5.78% respectively. The majority of the borrowers are without any proper proof of income or in occupations where income cannot be a certainty. Also the collateral that is offered is the vehicle whose value reduces substantially immediately on it leaving the showroom. These collaterals are also prone to accidents and other damages. All these have led to high level of delinquency which sometimes leads to the account becoming a NPA. In order to recover from the NPA account, our Company would be compelled to appoint a collection agency and initiate legal proceedings which will lead to expenses. At times the vehicle which is collateral would need to be repossessed and sold at a loss. All these together tend to increase the cost significantly, whereby the profitability suffers. As at Fiscals 2015, 2016 and 2017 and June 30, 2017, our provision coverage ratio, which is composed of provisions divided by gross NPAs as a percentage of gross NPAs was 15.75%, 16.84%, 22.40%, and 22.96%, respectively. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our NPAs. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs.

If we are unable to control the amount of NPAs, our credit ratings could be downgraded and our cost of funds could increase, any of which could have a material adverse effect on our financial condition and results of operations.

4. ***Our Company is involved in various legal proceedings both as plaintiffs and defendants in which they may not prevail and which could have an adverse impact on them.***

Our Company, Directors and Promoters are party to various legal proceedings incidental to their business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Such legal proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. These proceedings if decided against our Company, Directors and Promoters, could have a material adverse impact on the senior management, reputation and business of our Company.

For details please refer to Section titled "*Legal Proceedings*" on page 172.

5. ***Our Company has experienced negative cash flows primarily from operations during the last three Fiscals. Any negative cash flows in future could adversely affect our business and financial conditions.***

Our Company has experienced negative cash flows primarily from operating activities in the last three Fiscals. Details of such negative cash flows are as follows:

(₹ in million)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net cash from/ (used in) operating activities	(1,065.39)	(1,661.10)	(1,277.27)
Net cash from/ (used in) investing activities	(16.40)	3.46	(71.85)
Net cash from/ (used in) financing activities	1,068.51	1,654.55	1,298.50

For details, see *"Management Discussion and Analysis of Financial Conditions and Results of Operations"* on page 65. Negative cash flows expose us to certain risks such as our ability to meet certain business obligations and repay our outstanding borrowings. Further, since our Company is in the growing phase, there have been negative cash flows in the past and our Company may experience negative cash flows in the future as well. We cannot assure you that we will generate sufficient cash to service existing or proposed borrowings or fund other liquidity needs in future. Any negative cash flows in future could adversely affect our business and financial conditions.

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

Our Company is required to obtain from time to time, certain approvals, licenses, registrations and permissions for operating its business. These licenses typically subject our Company to comply with certain conditions, failure by us to comply with such terms and conditions and/or maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations, future financial performance and market value of our Equity Shares. Further, our NBFC license from RBI requires us to comply with certain terms and conditions for us to continue our NBFC operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations.

Additionally, our Company is required to obtain certain other approvals including the shops and establishment registrations for premises situated in various states under the relevant legislations. While our Company has obtained all requisite approvals, certain approvals expire in the regular course of business and our Company has been applying for renewal of such expired approvals as and when required. Failure by us to renew, maintain or obtain the required permits or approvals, including those set out above, may have a material adverse effect on our business, results of operations and cash flows.

In the future, we may be required to obtain new registrations, permits and approvals for any of our existing business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favourable terms and conditions. If our Company fails to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our Company may not be able to undertake certain operations of our business which may affect our business or results of operations.

7. ***Our Company incurs indebtedness in the ordinary course of business. In the event of inadequate accruals our Company may not be able to service its debts.***

As on June 30, 2017 the total borrowings (including current maturities), both secured and unsecured, stood at ₹ 11,023.66 million against our Company's net worth of ₹ 1,840.75 million. This includes secured loans of ₹ 9,239.45 million and unsecured loans of ₹ 1,784.21 million. Our Company's ability to meet its debt service obligations and to repay its outstanding borrowings will depend primarily upon the cash flow generated by the business. There can be no assurance that our Company will generate sufficient cash enabling it to service its existing or proposed borrowings, comply with covenants or fund other liquidity needs. Adverse developments or a reduced perception of our Company's creditworthiness in credit markets could increase the debt service costs and the overall cost of funds. If our Company fails to meet its debt service obligations or financial covenants required under the financing documents, its lenders could, if so stated in the financial documents, declare our Company in default under the terms of its borrowings, accelerate the maturity of its obligations, enforce the security interest, and take possession of its assets. There can be no assurance that, in the event of any such acceleration, our Company will have sufficient resources to repay these borrowings. For details, please see "*Financial Statements*" on page 178.

Our Company's inability to obtain and/or maintain additional credit facilities or renew its existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between its assets and liabilities, which in turn may adversely affect its operations and financial performance. Further, mismatches between its assets and liabilities may be increased in case of pre-payments of the financing facilities granted to its clients. Such factors may have an adverse effect on our business, financial condition and results of operations.

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

As at Fiscal 2017, ₹ 11,963.82 million of our receivables under financing activity were secured by assets, which represented 99.39% of our total receivables under financing activity. The value of the collateral on the loans disbursed by our Company may decline due to various reasons, including, efflux of time and adverse market conditions. We are primarily in the business of two-wheeler financing, where the vehicle which is the collateral, loses its value immediately on the same coming out of the show room. Over a period of time, the value of asset keeps reducing, much faster than the reduction of outstanding balance of loan. Non-payment of the loan may give rise to the need to repossess the collateral/vehicle which would be highly depreciated and it may be difficult to foreclose on collateral in the event of a default. Additionally, delays in bankruptcy and foreclosure proceedings, defects in title, documentation of collateral, the necessity of obtaining regulatory approvals for the enforcement of rights in such collateral, fraudulent transfers and destruction of underlying assets may affect the value of the collateral and our ability to foreclose. Failure to recover the expected value of collateral could expose our Company to losses and, in turn, adversely affect the business and financial performance. Loss on sale of repossessed assets during Fiscals 2017, 2016 and 2015 was ₹ 118.13 million, ₹ 94.75 million, and ₹ 95.15 million, respectively. Further, since the collateral asset is a movable asset, it might not be always traceable.

9. ***We depend on the "Muthoot" brand and companies operating within the Muthoot Pappachan Group for our operations and business. Any adverse impact on the brand, "Muthoot" or the***

companies within the Muthoot Pappachan Group with whom we deal, may adversely impact our reputation, business, financial condition and results of operations

We rely on the branch network of MFL, a company of the Muthoot Pappachan group, from where we source approximately 16.36% of our two-wheeler finance segment, in terms of revenue, as at June 30, 2017. Currently these services with MFL are as per agreed terms between both the companies in the group. Our Company reaches to its customers all over the country though the MFL branches which our Company considers as strength. Our Company starts its operations at the geographical locations where MFL has its operations to capitalize on the existing consumer base and presence of MFL. In the event, MFL decides to terminate the agreement, our Company will have to find alternative sources to reach out and assist existing customers and source new customers, which may adversely affect the business of our Company and could also result in higher operational costs for us. For details, see "*Business*" on page 105. Further we benefit on account of being part of the "Muthoot Pappachan Group" including from cross selling by other companies of the group. For instance, our Company has entered into an arrangement with MM, a company of the Muthoot Pappachan Group and dealing in micro finance business, for sourcing of two-wheeler loans, from the existing customers of MM. Presently, MM customers have been included in our Company's operations in the states of Kerala and Tamil Nadu. Therefore, in the event, our Promoters ceases to exercise control over us, we will not be able to derive any benefit from being a part of the Muthoot Pappachan Group and this may cause a loss of goodwill and result in increased costs, which would adversely affect our business and results of operations.

10. ***Our Company does not currently own the trade mark to the Muthoot Capital Services Limited logo. Inability to use the logo, arising out of any dispute may adversely affect the goodwill, reputation and results of operations of our Company.***

All the companies of the Muthoot Pappachan Group use the "Muthoot Pappachan" name and logo which is owned by our Promoters, Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot. Our Company has not entered into any license agreement for using such trademark and logo. We cannot assure you that our usage of such trademark and logo would not be challenged by such Promoters and we cannot assure permission of continuity of usuage of such trademark and logo. Further, if the actions of any of our Promoters or companies of the Muthoot Pappachan Group damage or affect the "Muthoot Pappachan" reputation, this will in turn adversely impact our business, reputation, results of operations and financial condition of our Company.

11. ***Conflicts of interest may arise out of common business objects shared by our Company and certain companies of the Muthoot Pappachan Group, which could adversely affect our business and operations.***

Our Promoters have interests in other companies and entities that compete with us, including other companies of the Muthoot Pappachan Group that are involved in businesses which are similar to those of our Company. For instance, MFL, one of the companies of the Muthoot Pappachan Group, is also engaged in handling corporate loans, which is a common line of business as our Company although the target customers of a Company are different than that of MFL. There are no non-compete arrangements with the Promoters or companies of the Muthoot Pappachan Group. In addition, there is no undertaking by the Promoters, the companies of the Muthoot Pappachan Group to refer or direct any opportunities in the NBFC services sector only to our Company. Accordingly, conflicts of interest may arise in allocating or addressing business opportunities and strategies amongst our Company and other companies forming part of the Muthoot Pappachan Group in circumstances where our interests differ from theirs. Additionally, we operate certain of our business through branches of MFL. For details, see "*Business*" on page 105. There can be no assurance that MFL would continue with the current understanding with our Company on an exclusive basis or at all. Further, we cannot assure you that our Promoters or companies of the Muthoot Pappachan Group will not compete with the existing business or any future business of our Company, or that their interests will not conflict with those of our Company.

12. ***Any downgradation of our credit ratings may increase our borrowing costs and constrain our access to capital and loan markets and, as a result, may adversely affect our net interest margin and our results of operations***

The cost and availability of capital is, amongst other factors, also dependent on our short-term and long-term credit ratings. Our Company has credit ratings of (i) CRISIL (A-/Stable) for our long term debt portfolio, (ii) CRISIL A1, for our short term debt portfolio, and (iii) (A-/Stable) for our public deposits from CRISIL. Ratings reflect a rating agency's opinion of financial strength, operating performance, strategic position, and ability to meet obligations. CRISIL has been rating our Company as a part of the total Muthoot Pappachan Group with major consideration to MFL, being the flagship finance company of the Muthoot Pappachan Group. While our long term debt portfolio and public deposit were rated as 'A stable' until November 20, 2016, recently our credit rating for the same has been downgraded by CRISIL to (A-/Stable). There could be similar downgrade of credit ratings in future which in turn would increase our borrowing costs and constrain access to capital and lending markets and negatively impact the business of our Company. In addition, downgrades of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements and would also adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows.

13. ***Our Company may not be able to successfully manage and maintain growth.***

Our Company cannot assure that it will be able to continue to sustain growth at historical rates in the future. Our Company is bound by certain financial covenants under the assignment agreements which require it to maintain leverage at a specified level. Inability to do so may adversely affect the ability to depend on this source of funding. Our Company's loan portfolio has expanded significantly in the recent past. For details, see "*Business*" on page 105. Accordingly, it cannot be assured that there will not be significant additional NPAs in the loan portfolio in the future on account of new loans made or that the asset quality of the current loan portfolio can be maintained. As our Company continues to grow, they are required to continue to improve their managerial, technical and operational knowledge, the allocation of resources and management information systems. In addition, it may be required to manage relationships with a greater number of customers, third party agents, lenders and other parties. It cannot be assured that our Company will not experience issues such as capital constraints, operational difficulties, and difficulties in expanding existing business and operations and training an increasing number of personnel to manage and operate the expanded business. Any of these issues may result in a failure to implement the expansion plans in a timely manner and there can be no assurance that any expansion plans, if implemented, will be successful. Our Company may, in the future, enter into alliances, investments, partnerships or acquisitions and unsuccessful implementation of the same may harm the business.

14. ***Our Company is subject to periodic inspections by the RBI and non-compliance with the observations of RBI could expose us to penalties, restrictions and regulatory actions.***

As an NBFC, we are subject to periodic inspection by the RBI under section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. In its past inspection reports, including, the March 23, 2017, the RBI has, among other things, identified deficiencies in our operations such as (i) certain loan application forms were not dated or dated incorrectly; (ii) the need to strengthen control mechanisms, (iii) improvement needed in some of the processes (iv) need for more detailed and transparent mode of communication to the borrower, etc. While we have responded to such observations and have either addressed them or are in the process of addressing them, we cannot assure you that the RBI will not make similar or other observations in the future.

In the event we are unable to resolve such deficiencies to the RBI's satisfaction, we may be restricted in our ability to conduct our business. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

15. ***Our Company is prohibited from opening branches outside the state of Kerala as it does not have AA rating needed to source Public Deposits from outside the State. Non-Receipt of the approval from***

RBI for increasing of branches will adversely affect our business and increase our reliance on third parties.

Our Company is a deposit taking NBFC. Accordingly, the extant RBI regulations, our Company is required to have a credit rating of at least "AA" for opening of any new branches outside the State of Kerala. CRISIL has rated our long term debt instrument as (A-/ Stable) as on June 30, 2017. Therefore, our Company has not been able to open any new branches outside the state of Kerala since such date. Apart from the branches that our Company had in 2013, our Company has not added any new branches and works through outsourced entities for processing of its loans in regions outside of Kerala. Accordingly, this increased our operational cost. Additionally, operating through outsourced agencies could be difficult in certain regions, which in turn could adversely impact our growth and business. Our Company currently relies on MFL, one of the companies of the Muthoot Pappachan Group for facilitating its customers in other locations including for providing various facilities from collection of EMIs to sourcing of loans.

16. ***Our Company may not be able to get permission to place its representative at the various Dealer Points or the dealer(s) might demand unusual or onerous terms for permitting our Company to place its representative at the Dealer Point.***

For our two wheeler financing business, we source our customers from Dealer Points and through MFL branches. As at June 30, 2017, approximately 83.64 % of our two wheeler financing business, in terms of our revenue was sourced through Dealer Points. For details, see "*Business*" on page 105. Typically, our Company does not have any written arrangements with a Dealer outlining terms or guaranteeing stationing of its representative and such terms are determined by the prevailing market trend and conditions. Further, at the Dealer Points multiple financers are stationed and in many cases, a Dealer may cap the total number of financers being stationed at such premises, Additionally, we have no agreements or arrangements with our dealers for conducting our operations at the Dealer Points. Further, stationing of our representatives at a Dealer Point may be challenging and may require us giving higher incentives to such dealers. Therefore, there can be no assurance that we would be able to continue with our existing Dealer Points or we shall not be involved in disputes with our dealers in relation to payments due. Accordingly, loss of Dealer Points or any inability to station our representative at any Dealer Point may lead to high operational cost and adversely impact our revenue and overall business.

17. ***We rely on third parties to whom we outsource certain of our operations and if these third parties fail to perform their obligations to us it could adversely affect our business and cause financial loss to us, which we may be unable to recover from such third party in full or part or at all***

We outsource some of our operations to various third parties, including, (i) Ultimax, for supply of human resources for sales and processing, (ii) CAMS, for services in relation to NACH mandate management and processing of loan documents received from our Company's representatives at Dealer Points, collection of debit mandates, and (iii) PAMAC, for supply of infrastructure facilities, *etc*. If these third parties fail to perform their obligations to us it could adversely affect our business and cause financial loss to us, which we may be unable to recover from such third party in full or part or at all.

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

We are subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under the RBI's Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, our Company is required to have a regulatory minimum CRAR of 15.00%, with a minimum Tier 1 capital of 7.50%. As at Fiscal 2017, our Company's CRAR was 16.98%, of which Tier 1 capital was 13.61%.

The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Frame work for NBFC', has announced that the minimum Tier 1 capital requirements for all NBFCs that have an asset size of ₹ 5,000 million and above and all NBFC-D will be increased in a phased manner as follows: 8.50% by Fiscal 2016 and 10.00% by Fiscal 2017.

Although our Company has been maintaining a CRAR above the regulatory minimum requirement, our Company cannot assure you that it will be able to maintain its CRAR within the regulatory requirements. Further, if our Company continues to grow its loan portfolio, it will be required to raise additional Tier I and Tier 2 capital in order to continue to meet applicable capital adequacy ratios with respect to its business. There can be no assurance that our Company will be able to raise adequate additional capital in the future on terms favourable to it, or at all. This could result in non –compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, results of operations and cash flows.

19. ***Trading of our Equity Shares was suspended on BSE for nonpayment of Listing fee***

The trading of our Equity Shares listed on BSE was suspended due to non-payment of listing fee during the period February 05, 2001 to September 17, 2004. It cannot be assured that there would not be any such non-compliances in the future or regulatory actions against us. Further, any non compliances of the listing agreement or the SEBI Listing Regulations, could lead to actions against us by the Stock Exchanges and any other regulatory authority, including, the suspension/delisting of our Equity Shares, which could adversely impact the liquidity of the Equity Shares and our reputation.

20. ***Our Company may be required to be registered under State legislations that regulate the business of money lending, and the ceiling on interest rate imposed and other provisions contained therein could be made applicable to our Company including imposition of monetary penalties adversely affecting our business, results of operations and cash flows.***

A number of states in India have enacted laws to regulate money lending transactions. These laws establish a maximum rate of interest that can be charged. There is ambiguity on whether or not NBFCs are required to comply with the provisions of these state money lending laws. There are civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

The Kerala Money-lenders Act, 1958 (the "**Kerala Money-lenders Act**") was enacted by the Government of Kerala to regulate and control the business of money-lenders within the State. The definition of a moneylender under the Kerala Money-lenders Act includes any person/entity that makes advances and accepts deposits in its ordinary course of business. Each money-lender within the State of Kerala is required to obtain a license under the provisions of this legislation. NBFCs in Kerala had filed a writ petition before the Kerala High Court contending that the Kerala Money-lenders Act would be inapplicable to them since they are registered with the RBI and are controlled directly by it. However, the Kerala High Court held that the object of the Kerala Money-lenders Act is to protect the interests of the borrowers and hence NBFCs would be covered by its provisions. Subsequently, the NBFCs, by special leave petition numbered SLP(C) No. 35045 of 2009 dated November 18, 2009 appealed against this decision of the Kerala High Court to the Supreme Court of India and the issue is now pending before that court. If the case is decided against our Company, it could lead to other High Courts applying the decision of the Supreme Court to direct our Company's branches located in other States that have enacted legislations on the same lines as the Kerala Moneylenders Act to register them under such legislations.

The registration fee for each branch under the Kerala Money-lenders Act is in the tune of ₹5,000 and each branch would also be required to maintain a deposit with a specified authority which would act as a security for complying with the provisions of the license. The penalty prescribed for carrying on business without a license is imprisonment for up to three years and a fine of ₹ 50,000. In the event of the Supreme Court's decision on the issue being unfavorable for our Company, it could adversely affect income, profitability and results of operations of our Company.

21. ***Our Company is subject to the risk of loan and cash related misappropriations by their customers/employees/ collection agencies/ marketing agents which may adversely affect our business, operations and ability to recruit and retain employees.***

Our Company is exposed to many types of operational risks, including the risk of fraud or other misconduct by customers/employees, as well as unauthorized transactions by employees. The business operations, especially collection, involve handling cash, thereby exposing us to the risks of loss, fraud, or unauthorized transactions by our employees responsible for dealing with such cash collections. Though employees are recruited carefully by our Company, there have been several cases of cash related misappropriations committed by an employee in the past. Our Company is required to report cases of internal fraud to the RBI and the RBI may take appropriate action against the same. Our Company cannot guarantee that such events will not recur in the future. Any such event could adversely affect the reputation, operations, or otherwise have a material adverse effect on the business, financial condition or results of operation of our Company. For details, see the section "*Legal Proceedings*" on page 172.

22. ***The client base of our Company is comprised of individual borrowers who are generally more likely to be affected by declining economic conditions than larger corporate entities.***

We believe, individual borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. Moreover, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, and, in turn, it is difficult to carry out precise credit risk analyses on them. Although our Company's risk management controls are believed to be sufficient, it is not 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 could adversely affect the credit portfolio which could have a material and adverse effect on the results of operations and financial condition of our Company.

23. ***Our Company faces difficulties and incurs additional expenses in operating from rural and semi urban areas, where infrastructural facilities are limited.***

A significant portion of the operations of our Company are carried out from rural and semi urban areas. However, several difficulties are faced in carrying out such operations in terms of accessing infrastructural facilities like power and transport. In addition, since such borrowers tend to be located in relatively secluded areas, additional costs are incurred on reaching the customers in case of default by the customers. It cannot be assured that such costs will not increase in the future as the network of our Company is strengthened in the rural and semi urban areas.

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

Our Company is exposed to many types of operational risks associated with the business, including, fraud by employees/ collection agencies, employee turnover, high level of competition, There are also chances of collusion between an employee and/ or a borrower along with the Dealer/Dealer staff to defraud our Company. There have been instances where such parties have initiated fraud against our Company. For details, see "*Legal Proceedings*" on page 172. Given the large volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. There is also the risk that the controls and procedures employed by our Company may prove inadequate or may be circumvented thereby causing delays in detection of errors in information and fraud. Although our Company currently maintains and is in the constant process of upgrading the systems of controls to keep operational risk to a minimum, there could be no assurance that it will not suffer loss from operational risk in the future that may be material in amount.

25. ***Members of the Promoter Group have significant influence over the operations of our Company and holds majority of the outstanding Equity Shares, which enables them to influence the outcome of matters submitted to shareholders for approval and their interests may differ from those of other shareholders.***

As on September 30, 2017, the Promoters and members of the Promoter Group hold approximately 74.93% of the share capital, for details of their shareholding see "*Capital Structure*" on page 63. The Promoters have also provided personal guarantees in connection with certain financing arrangements. The Promoter Group may be in a position to influence decisions relating to the business and the outcome of matters submitted to shareholders for approval. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as the Promoters and members of Promoter Group continue to exercise significant control over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of the other shareholders. The Promoter Group may have interests that are adverse to the interests of the other shareholders and may take positions with which the management and the other shareholders of our Company do not agree.

26. ***Insurance policies provide limited coverage and our Company may not be insured against some business risks.***

Our Company maintains insurance on property in amounts believed to be consistent with industry practices and the insurance policies cover physical loss or damage to the property arising from a number of specified risks including burglary, fire, fraud by employees and other perils. Notwithstanding this insurance coverage, our Company may not be fully insured against some business risks and the occurrence of an accident that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially and adversely affect the financial condition and results of operations of our Company. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur an uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows.

27. ***Our Company is subject to certain restrictive covenants in the loan agreements, which may restrict the operations and expansion ability and may adversely affect the business.***

Our Company has entered into certain loan agreements in respect of the borrowings, which contain certain restrictive covenants or require our Company to obtain approval from the lender in certain circumstances for disposing of (including creating any charge on) the specified assets, undertaking any merger or reorganization, taking up new line of business, declaring dividends in certain circumstances, amending the memorandum and articles of association, making substantial change to the general nature or scope of business, incur or assume any debt, reduce share capital and in case of any substantial change in management. Although no difficulties are generally encountered in obtaining consent from lenders for desired actions in the past and we have obtained all required consents from most of our lenders in relation to the Issue, we are yet to receive such consent from Central Bank of India. Therefore, there can be no assurance given that such consent will be granted for this Issue and in the future. Further, a default by our Company under the terms of any financing document may also trigger a cross-default under some of the other financing documents of our Company, or any other agreements or instruments of our Company containing a cross-default provision, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due.

28. ***The Promoters of our Company have given personal guarantees in relation to certain debt facilities, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities.***

The Promoters of our Company have given personal guarantees in relation to certain debt facilities pertaining to our Company. In the event that any of the guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. Our Company may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect the financial condition and cash flows of our Company.

29. ***Materialisation of contingent liabilities could adversely affect our financial condition, results of operations and cash flows.***

As at Fiscal 2017, we had contingent liabilities as per AS 29 on "Provisions, Contingent Liabilities and Contingent Assets" not provided for amounting to ₹ 209.31 million, details of which are set forth in the table below:

Particulars	Amount (₹ in million) As at Fiscal 2017
Income tax matters under dispute	0.19
Corporate guarantees for securitization transaction	209.12
Total	**209.31**

30. ***We are required to comply with the requirements contained in certain labour law legislations which may impose additional costs.***

The employees of our Company are required to be registered under the provisions of certain labour law legislations such as the Employees State Insurance Act, 1948, the Payment of Gratuity Act, 1972 the Kerala Shops and Commercial Establishments Act, 1960, Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Our Company is also required to maintain certain records under the provisions of these legislations, which adds to costs. There would be compliance to certain Minimum Wages Acts in different states which may make the business unviable due to the high cost of compliance.

31. ***There are financial risks inherent in the business of our Company which may have an adverse effect on growth and performance.***

Our Company is exposed to certain financial risks that are inherent to its business. It is required to maintain, at all times, adequate amounts of cash to meet the demand for loans. The sustainability and growth of AUM (sum of loans and advances and gold loans assigned) is dependent upon the rate at which our Company is able to maintain and enhance market penetration as well as on customer demand for two-wheeler loans. Although our Company has evolved several methods of verifying the genuineness of the borrower through KYC/Credit Appraisals/ other checks, it cannot be assured that our Company will not suffer loss from financial risk in the future that may be material in amount.

32. ***The retention of key management personnel and finance and operating professionals and the ability to continue to recruit such professionals is critical to the success and growth of our Company.***

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our Promoters, including, Mr. Thomas George Muthoot, our Managing Director, who has more than 30 years of experience in the NBFC sector. We are also dependent on our senior management personnel, including, our COO, CFO, Compliance Officer, business heads and other departmental heads. Attracting and retaining talented professionals is a key element of strategy and believed to be a significant source of competitive advantage. As our Company is particularly focused on tapping the rural and semi-urban sectors for providing finance, the success and growth of business will depend on the ability to identify, attract, hire, train, retain and motivate skilled regional personnel as our Company continues to grow.

Demand for qualified professionals at the corporate and branch offices are intense as these personnel are in limited supply. There can be no assurance that our Company will be able to successfully attract, assimilate or retain sufficiently qualified personnel.

The operations of our Company are human intensive and there is also substantial competition vying to take the best of the talent into their fold. While technology has helped in improving productivity and reducing the requirement of manpower, retaining of the existing manpower and recruiting trained manpower as and when required is critical for growth of the business.

Inability to attract and retain talented professionals or the resignation or loss of key management personnel may have an adverse impact on the business, future financial performance and the price of Equity Shares.

33. ***Our Company does not have certain records and filings made with the Registrar of Companies, the Stock Exchanges and in relation to delisting of its Equity Shares from the Cochin Stock Exchange Limited and Coimbatore Stock Exchange Limited.***

Our Company does not have certain filings made with the Stock Exchanges and Registrar of Companies, including in relation to, increase in share capital and return of allotments of Equity Shares of our Company. While we believe we have filed such records we do not have documentary evidence to support our claims.

Further, our Company applied to Cochin Stock Exchange Limited and Coimbatore Stock Exchange Limited for delisting of its Equity Shares and was accordingly granted approval for such delisting. Our Equity Shares were delisted from Cochin Stock Exchange Limited with effect from August 27, 2005 and the same was informed to our Company by way of the letter dated September 14, 2005. Further, our Company has also been informed by the Coimbatore Stock Exchange Limited our Equity Shares have been delisted as per the records of the exchange.

However, our Company has not been able to trace the documents related to such delisting. Additionally, our Company has not been able to arrange details relating to the delisting date from the Coimbatore Stock Exchange Limited.

We cannot assure you that our Company would be able to trace such documents in future. In the event, we are unable to trace or provide such documents to any regulatory authority, there may be penalties imposed or regulatory actions against us by such authorities. Any penalty or regulatory actions against our Company may adversely impact our reputation, cash flows and results of operations.

34. ***Our Company does not own the premises at which offices are located including its registered and corporate offices.***

As at September 30, 2017 our Company operates from 31 Company's branches used for administrative purposes and 24 properties used as yards for storage of repossessed vehicles, across six States. Such offices and yards are not owned by our Company and used on a lease hold basis. Further, our Company does not currently own the premises at which its registered and corporate office is located and such property is being used pursuant to a lease arrangement with Mr. Thomas George Muthoot, one of our Promoters. While our Company renews such lease agreements in the ordinary course of business and as per the terms of such lease agreements, there can be no assurance that our Company would be able to continue our operations from such offices and yards in the future. In the event, that our lessors require our Company to vacate such premises, our Company will have to seek a alternative properties at short notice and for a price that may be higher than what is being paid currently, which in turn may disrupt our operations and adversely impact our ability to conduct the business or increase its operating costs.

35. ***Our Company has been facing competition, particularly from the banking sector and growth will depend on the ability of our Company to compete effectively.***

Our competitors include established Indian and foreign commercial banks, NBFCs, small finance banks, microfinance companies and the private unorganized and informal financiers who principally operate in the local market. In particular, many of our competitors may have operational advantages in terms of access to cost effective sources of funding and in implementing new technologies and rationalising related operational costs. As the banks have access to lower cost funds, wider network and greater resources, our Company's performance would be dependent on the ability to maintain low cost of funds and the ability to provide effective and quick service to customers. If our Company is unable to access funds at a reasonable cost that is comparable to or lower than competitors, it may not be able to offer competitive interest rates for loans. Further, some of the public sector, private and foreign banks have subsidiaries and affiliates operating as NBFCs with significant market share, distribution reach and product portfolio, and we compete with them for business. This may have an adverse impact on the business, future financial performance and the price of Equity Shares of our Company.

36. ***Our Company depends on the customers themselves in respect of information submitted about them while assessing their credit worthiness.***

In deciding whether to extend credit or enter into other transactions with the customers and counter parties, our Company relies on information furnished by or on behalf of consumers, including the financial information based on which the credit assessment is performed. Our Company may also rely on certain representations as to the accuracy and completeness of that information and the verification of the same. Further, any changes in this information may not be made available nor may the information be sufficient for completely assessing the risk profile of the customer. The financial conditions and result of operations of our Company could be negatively affected by relying on financial information or other information that may be materially incorrect or incomplete or misleading.

37. ***Significant security breaches or breakdowns in the computer systems and network infrastructure are operational risks that could adversely impact business of our Company.***

Our Company seeks to protect the computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Computer break-ins and power disruptions could affect the security and integrity of information stored in and transmitted through the computer systems and networks and also affects our day to day operations including our turnaround time. These concerns will intensify with increased use of technology and internet based resources. Our Company relies a lot on third party support for managing its business and accounting software, the backbone on which the operations functions. If the third Party service provider is not in a position to provide support due to their own business constraints, it will severely impact the day to day operations of our Company.

38. ***Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.***

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the RBI. There can be no assurance that we will be able to pay dividends in the future.

39. ***Our Company may not be able to renew all the loan facilities on due dates.***

Our Company manages its business on borrowed money. Any additional cash generated is deposited back into the Cash Credit Account. Our Company has several lines of bank sanctions which are for maximum period of one year in case of Cash Credit/ Working Capital Demand Loan facilities and ranges for a period of three to four years in case of term loans. Based on our Company's past experience it is assumed that the loan will be renewed/ rolled over on due date. In case the renewal/ roll over do not happen and our Company is not in a position to bring funds to substitute for the same, it will seriously impact the business of our Company.

40. ***There is uncertainty on the impact of currency demonetization in India on our business.***

On November 8, 2016, the RBI and the Ministry of Finance of the Government withdrew the legal tender status of the then in circulation ₹ 500 and ₹ 1,000 currency notes pursuant to a notification dated November 8, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash and consequently, spending, in India. There is uncertainty on the long-term impact of this action. While we had experienced a short term adverse effect on our disbursements and collections as a result of the demonetization, the short and long-term effects of demonetization on the Indian economy and India's capital markets are uncertain, and we cannot accurately predict its effect on our business, results of operations, financial condition and prospects.

41. ***Statistical and industry data in this Placement Document may be inaccurate, incomplete or unreliable.***

We have not independently verified data obtained from industry publications and other sources referred to in this Placement Document and therefore, while we believe them to be accurate, complete and reliable, we cannot assure you that they are accurate, complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the financial services industry are subject to the caveat that the statistical and other data upon which such discussions are based may be inaccurate, incomplete or unreliable. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. The data and other information sourced from CRISIL Report in this Placement Document is subject to CRISIL Research's disclaimer set forth in “*Industry Overview*” on page 92. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Accordingly, no investment decision should be made on the basis of such information. For details, see “*Industry Overview*” in this Preliminary Document.

42. ***Our Company is subject to risks arising from interest rate fluctuations, which could adversely affect its business, financial condition and results of operations.***

Our results of operations are substantially dependent upon the amount of our interest income and cost of funds. Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Changes in interest rates could significantly affect the financial condition and results of operations of our Company. If the interest rates for our Company’s existing or future borrowings increase significantly, its cost of funds will increase. Our ability to pass on any increase in interest rates depends on our borrowers’ willingness to pay higher rates and the competitive landscape in which we operate. We borrow funds on both fixed and floating rates. This may adversely impact our Company’s results of operations and cash flows. Although our Company may in the future enter into hedging arrangements against interest rate risks, there can be no assurance that these arrangements will successfully protects it from losses due to fluctuations in interest rates. If we are unable to match our lending portfolio with our borrowings, we would be exposed to interest rate and liquidity risks as a result of lending to customers at interest rates and in amounts and for periods that may differ from our funding sources. Any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets will result in a decline in our net interest income and would have an adverse effect on our results of operations and cash flows. Furthermore, in the event of rising interest rates, our borrowers may be unwilling to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans from us if they are able to switch to more competitively priced advances. Additionally, increases in the rates of interest charged on our floating rate loans may result in higher instalments due from borrowers, which, in turn, could result in higher rates of default and an increase in our NPAs. There can be no assurance that we will be able to adequately manage our interest rate risk in the future and if we are unable to do so, this could have an adverse effect on our net interest margin.

43. ***Deployment of issue proceeds is entirely at the discretion of the Issuer and is not subject to any monitoring by any independent agency.***

The net proceeds from this Issue are expected to be used as set forth under “*Objects of the Issue/Use of Proceeds*” on page 61. The use of the net proceeds is at our Company’s sole discretion and is not subject to any monitoring by any independent agency. Accordingly, investors in this Issue have to rely upon the judgment of the management, who will have considerable discretion, with respect to the use of proceeds.

44. ***This Placement Document includes certain unaudited financial information in relation to our Company. Reliance on such information should, accordingly, be limited.***

This Placement Document includes unaudited financial information in relation to our Company as at and for the quarter and six months ended September 30, 2017 and three months ended June 30, 2017 and for the three months ended June 30, 2016. The said financial statements were subjected to limited review by our Statutory Auditor in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the ICAI, and not to an audit. Therefore, reliance by prospective investors on the Unaudited Interim Financial Statement should be limited. The statement of Unaudited Interim Financial Statements, prepared pursuant to Regulation 33 of SEBI Listing Regulations, were subjected to limited review by the Previous Statutory Auditor in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the ICAI and not to an audit. Therefore, reliance by prospective investors on the Unaudited Interim Financial Statements should be limited.

EXTERNAL RISK FACTORS

45. ***Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of our Company.***

The global credit and financial markets have experienced, and may continue to experience, significant dislocations and turbulence resulting in slowdown in the economies of the U.S., Europe, some Asian demand, lending and investor confidence in the financial markets, which as a result, affected and may continue to affect economic growth in the Indian economy. There can be no assurance that the business, financial condition and results of operations, as well as future prospects of our Company, will not be materially and adversely affected by an economic downturn in India.

46. ***Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect business.***

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect the ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm the business and financial performance of our Company, and consequently affect the ability to obtain financing for capital expenditures and the price of Equity Shares.

47. ***A slowdown in economic growth in India may adversely affect the business and results of operations of our Company.***

The performance and the quality of growth of the business of our Company are necessarily dependent on the health of the overall economies in which our Company operates or is expected to operate. Substantially all operations are currently located in India. As such, any slowdown in the Indian economy, could adversely affect business including the ability to implement strategy and increase participation in the NBFC sector. India's economy could be adversely affected by general rise in interest rates, adverse conditions affecting the NBFC sector. The Indian economy is currently in a state of transition and it is difficult to gauge the impact of certain fundamental economic changes on business. Any downturn in the macroeconomic environment in India, or in specific sectors, could adversely affect the price of the Equity Shares of our Company, the business and results of operations.

48. ***Increases in the prices of crude oil could adversely affect the Indian economy, which could adversely affect our business, financial condition, results of operations and cash flows.***

India imports a substantial portion of its crude oil requirement. While oil prices have declined from their peak levels, any sharp increase in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and on the Indian financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit, which could adversely affect our business and results of operations

49. ***Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Therefore, these natural calamities could have a negative impact on the Indian economy, adversely affecting the business, financial condition and results of operations and the price of the Equity Shares of our Company.

50. ***Political instability or changes in the Government could adversely affect economic conditions in India generally and the business of our Company in particular.***

The Indian government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms.

The current Government, which came to power in May 2014, is expected to take initiatives supporting economic reform policies that have been pursued by previous governments.

However, there can be no assurance that such policies will be continued and a significant change in the Government's future policies could affect business and economic conditions in India, and therefore, could also adversely affect the business, financial condition and results of operations of our Company.

51. ***If terrorist attacks occur, or communal disturbances or riots erupt in India, or if regional hostilities increase, it would adversely affect the Indian economy, which would, in turn, affect the business of our Company.***

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, operational and marketing activities may be adversely affected, resulting in a decline in the income of our Company.

The Asian region has from time to time experienced instances of civil unrest and hostilities amongst neighboring countries, including those between India and Pakistan. Although the governments of India and neighboring countries have recently been engaged in conciliatory efforts, any deterioration in relations between India and its neighboring countries might affect stability in the region. In the year 2008, coordinated terrorist attacks occurred across Mumbai, India's financial capital, resulting in significant casualties and financial losses. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares of our Company.

52. ***There may be less Company information available in the Indian securities markets than securities markets in developed countries.***

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in more developed countries. The SEBI is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed countries.

53. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

The Articles of Association, regulations of Board of Directors and the corporate affairs of our Company are governed by Indian law. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a Company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

54. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits the ability of our Company to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection/tax clearance certificate from the Indian income tax authorities. Our Company cannot assure that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all. Also, FDI is permitted up to

100% in the NBFC sector provided that the activities carried on by such NBFC falls within the 19 activities that has been identified in the relevant notification. FPIs can invest in the primary and secondary capital markets in India through the portfolio investment scheme. Under this scheme, FPIs can acquire shares/debentures of Indian companies through the stock exchanges in India. The ceiling for overall investment by FPIs is 24% of the paid up capital of the Indian Company. The aforementioned ceiling of 24% can be raised up to sectoral cap, provided that a special resolution to that effect is passed by the shareholders of the concerned Company. Investment by FPI above the limit, such limit would violate the law in this regard. Any diversification in the activities carried on may require our Company to phase out foreign investment.

55. ***The ability of our Company to raise foreign debt may be constrained by Indian law.***

For Indian companies, exchange controls regulate borrowing from foreign currencies. Such regulatory restrictions limit financing sources available to our Company and hence could constrain the ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, the grant of the required approvals without onerous conditions cannot be assured, if at all. Limitations on raising foreign debt may have an adverse effect on the business of our Company.

56. ***Trade deficits could have a negative effect on business and the trading price of the Equity Shares of our Company.***

India's trade relationships with other countries can influence Indian economic conditions. If India's trade deficits increase or become unmanageable, the Indian economy, and consequently the business, future financial performance and the trading price of the Equity Shares of our Company could be adversely affected.

57. ***A third party could be prevented from acquiring control of our Company on account of the provisions of the Takeover Regulations***

There are provisions prescribed under the Takeover Regulations that may discourage a third party from attempting to take control of our Company even if a change in control would result in the purchase of the equity shares at a premium to the market price or would otherwise be beneficial to investors. The Takeover Regulations contains certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring either "control" or an interest (either on its own or together with parties acting in concert with it) in 25 % or more of the Equity Shares must make an open offer to acquire at least another 26 % of the outstanding Equity Shares of our Company. A takeover offer to acquire at least another 26 % of the outstanding Equity Shares also must be made in the compliance with the applicable regulations. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of our Company.

58. ***Changing laws, rules and regulations and legal uncertainties both at the central and state level, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. Following are few such examples:

The Government had proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to the General Anti-Avoidance Rules ("**GAAR**"). As regards the implementation of the goods and service tax, the Government had not specified any timeline for their implementation. However, it was announced in the Union Budget of India for the Fiscal 2016 (the "**Budget**") that the goods and services tax will put in place a state -of-the-art indirect tax system by April 1, 2016. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments. However, as on date of this Placement Document, no amendments have been made to the extant laws in this regard.

The direct taxes code (the "**Code**") aimed to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base and facilitate voluntary compliance. It also aimed to provide greater tax clarity and stability to investors who invest in Indian projects and companies as well as clarify the taxation provisions for international transactions. However, it was announced in the Budget that there was no merit in continuing with the same as a most of the provisions of the Code had been already included under the IT Act and that the jurisprudence under the same is sufficiently evolved.

As regards GAAR, the provisions have been introduced in the Finance Act, 2012 and were scheduled to come into effect from April 1, 2015. However, it was announced in the Budget, that the applicability of GAAR has been deferred by a period of two years and consequently, will apply prospectively to investments made on or after April 1, 2017. The GAAR provisions intend to catch arrangements declared as “impermissible avoidance arrangements”, which is any arrangement, the ma in purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm’s length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty.

As the taxation system is intended to undergo significant overhaul, its consequent effects on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business and results of operations.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

59. ***Significant differences exist between Indian GAAP and other accounting principles, such as IndAS, US GAAP and IFRS, which may be material to investors' assessments of our financial condition.***

Our financial statements are prepared in accordance with Indian GAAP. Indian GAAP differs significantly from other accounting principles, such as Ind AS, US GAAP and IFRS, which may be material to investors' assessments of our financial condition. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial condition may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons unfamiliar with Indian GAAP on the financial information presented in this Placement Document should accordingly be limited.

Risks relating to Equity Shares

60. ***Shareholders of Equity Shares will bear the risk of fluctuation in the price of the Equity Shares.***

It is impossible to predict whether the price of the Equity Shares will rise or fall. The trading price of the Equity Shares on the Stock Exchange may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market or in the Rupee’s value relative to the U.S. dollar, the Euro and other foreign currencies; the results of operation and performance of our Company; perceptions about future performance of our Company or the performance of Indian companies in general; performance of competitors and the perception in the market about investments in NBFCs/vehicle loan finance companies; adverse media reports on our Company ; changes in the estimates of the performance of our Company or recommendations by financial analysts; developments in India's economic liberalization and deregulation policies; and in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue. The trading price of the Equity Shares may be volatile and may decline post listing.

61. ***Future issuances of Equity Shares by our Company or disposals of Equity Shares by any major shareholders may adversely affect the market price of the Equity Shares of our Company.***

A future issue of Equity Shares by our Company may lead to dilution of investors' shareholdings or affect the market price of Equity Shares, and similarly, the disposal of Equity Shares by any of the major shareholders, or the perception that such issues or sales may occur, may adversely affect the market price of the Equity Shares. There is no restriction on our Company's ability to issue Equity Shares or the ability of any of the shareholders to dispose of, encumber or pledge Equity Shares held by them, and there can be no assurance that our Company will not issue Equity Shares.

62. ***There is no assurance that the Equity Shares will be listed on the BSE and /or NSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of the Equity Shares to be submitted. There could be a failure or a delay in listing the Equity Shares on the BSE/ NSE. Any failure or delay in obtaining the approval would restrict the investor's ability to dispose off their Equity Shares.

63. ***An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.***

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the allotment of Equity Shares in the Issue, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

64. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long -term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India.

65. ***Conditions in the Stock Exchanges may affect the price and liquidity of the Equity Shares.***

Indian stock exchanges are smaller than stock markets in developed economies and have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of

Indian companies. These problems have included temporary closure of the stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements.

66. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell the Equity Shares at a particular point in time.***

We are subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond certain specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breaker generally imposed by the SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges will inform us of the triggering point of the circuit breaker in effect from time to time, but it may change without our knowledge. This circuit break will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

67. ***Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.***

In terms of the SEBI Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of the Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take certain days as permitted under relevant laws from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

68. ***Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 13,719,833 Equity Shares have been issued, subscribed and are fully paid up and all such Equity Shares are currently listed on the Stock Exchanges.

As of November 3, 2017 the closing price of the Equity Shares on the BSE and the NSE was ₹ 642.10 and ₹ 640.45 per Equity Share, respectively. Since the Equity Shares are available for trading on the BSE and NSE, the market price and other information for each of the BSE and the NSE has been given separately.

1. The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for Fiscal Years ended 2017, 2016 and 2015.

BSE									
Fiscal Year	**High(1) (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (in ₹ million)**	**Low(2) (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (in ₹ million)**	**Average price for the year(3) (₹)**
Fiscal 2015	275.70	October 13, 2014	27,352	7.23	91.15	April 16, 2014	15,121	1.42	176.98
Fiscal 2016	208.00	May 5, 2015	3,577	0.74	122.00	September 9, 2015	2,626	0.34	160.15
Fiscal 2017	354.00	November 4, 2016	19,818	6.71	148.50	April 5, 2016	1,437	0.22	220.99

(Source: www.bseindia.com)

Notes:
1. *High of intraday high. In case of two days with the same closing price, the date with the higher volume has been chosen.*
2. *Low of intraday low. In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of daily closing prices.*

NSE									
Fiscal Year / Period	**High(1) (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (in ₹ million)**	**Low(2) (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (in ₹ million)**	**Average price for the year(3) (₹)**
Fiscal 2016*	170.00	January 11, 2016	9,534	1.51	118.30	September 21, 2015	240	0.03	145.82
Fiscal 2017	353.90	November 4, 2016	144,071	48.63	142.80	April 1, 2016	8,185	1.24	219.44

(Source: www.nseindia.com)
**Equity Shares were listed on NSE w.e.f. August 24, 2015*

Notes:
1. *High of intraday high. In case of two days with the same closing price, the date with the higher volume has been chosen.*
2. *Low of intraday low. In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of daily closing prices.*

2. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months, as applicable:

BSE									
Month / Period	**High[(1)] (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (in ₹ million)**	**Low[(2)] (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (in ₹ million)**	**Average price for the month[(3)] (₹)**
May, 2017	467.00	May 17, 2017	1,057	0.48	410.00	May 2, 2017	2,661	1.11	438.56
From June 1, 2017 to June 11, 2017[(4)]	597.40	June 8, 2017	22,134	12.80	446.75	June 1, 2017	362	0.16	531.94
From June 12, 2017 to June 30, 2017[(4)]	575.00	June 12, 2017	28,235	15.71	474.10	June 27, 2017	2,817	1.37	517.24
July, 2017	540.00	July 13, 2017	4,180	2.21	487.70	July 26, 2017	7,606	3.87	519.92
August, 2017	539.00	August 31, 2017	436	0.23	468.00	August 11, 2017	907	0.45	519.45
September, 2017	594.00	September 20, 2017	1,069	0.60	505.00	September 4, 2017	4,105	2.11	549.00
October, 2017	775.00	October 13, 2017	13,507	9.28	549.00	October 3,2017	119	0.06	620.99

(Source: www.bseindia.com)

1. *High of intraday high. In case of two days with the same closing price, the date with the higher volume has been chosen.*
2. *Low of intraday low. In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the month represents the average of daily closing prices.*
4. *Our Shareholders passed the resolutions at its 23rd AGM held on June 6, 2017 and approved the issue of bonus shares in the proportion of one Equity Share of ₹ 10/- each for every ten existing fully paid Equity Share of ₹ 10/- each. The ex-date for bonus issue was June 12, 2017. The prices of each Equity Shares upto June 11, 2017 are cum bonus and prices of each Equity Shares from June 12, 2017 onwards are ex-bonus.*

NSE									
Month / Period	**High[(1)] (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (in ₹ million)**	**Low[(2)] (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (in ₹ million)**	**Average price for the month[(3)] (₹)**
May, 2017	470.05	May 19, 2017	27,344	12.42	410.90	May 2, 2017	29,085	12.14	438.82
From June 1, 2017 to June 11, 2017[(4)]	597.00	June 8, 2017	182,298	105.18	445.00	June 1, 2017	10,972	4.97	532.78
From June 12, 2017 to June 30, 2017[(4)]	577.40	June 12, 2017	136,104	75.42	474.20	June 27, 2017	20,168	9.88	518.50
July, 2017	539.95	July 13, 2017	42,171	22.09	435.60	July 26, 2017	68,510	34.68	519.77
August, 2017	548.00	August 31, 2017	2,843	1.52	466.00	August 11, 2017	10,606	5.20	520.70
September, 2017	583.95	September 11, 2017	4,264	2.42	505.90	September 4, 2017	8,241	4.30	549.24
October, 2017	740.00	October 13, 2017	129,145	88.75	544.00	October 3, 2017	2,687	1.48	623.57

(Source: www.nseindia.com)

Notes:

1. *High of intraday high. In case of two days with the same closing price, the date with the higher volume has been chosen.*
2. *Low of intraday low. In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the month represents the average of daily closing prices.*
4. *Our Shareholders passed the resolutions at its 23rd AGM held on June 6, 2017 and approved the issue of bonus shares in the proportion of one Equity Share for every ten existing fully paid Equity Share of ₹ 10/- each. The ex-date for bonus issue was June 12, 2017. The prices of each Equity Share upto June 11, 2017 are cum bonus and prices of each Equity Shares from June 12, 2017 onwards are ex-bonus.*

3. The following table set forth the details of the number of Equity Shares traded and the turnover during the last six months and the Fiscal Years 2017, 2016 and 2015 on the Stock Exchanges:

Period	**Number of Equity Shares traded**		**Turnover (in ₹ million)**	
	BSE	**NSE**	**BSE**	**NSE**
Fiscal 2015*	3,605,092	--	659.17	--
Fiscal 2016*	504,809	266,300	84.92	38.96
Fiscal 2017	850,081	4,579,112	213.79	1152.65
May, 2017	46,352	505,385	20.42	222.26
From June 1, 2017 to June 11, 2017(4)	113,657	849,215	63.23	466.72
From June 12, 2017 to June 30, 2017(4)	63,278	377,768	34.16	202.45
July, 2017	40,854	278,799	21.18	143.97
August, 2017	14,393	193,605	7.45	99.56
September, 2017	28349	170038	15.59	94.63
October, 2017	111,782	901,540	75.97	608.25

(*Source: www.bseindia.com and www.nseindia.com)*

**Equity Shares were listed on NSE from August 24, 2015*

4. The following table sets forth the market price on the Stock Exchanges on September 11, 2017, the first working day following the approval of the Board for the Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (in ₹ million)**
575.50	575.50	545.00	570.15	1,551	0.88

(Source: www.bseindia.com)

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (in ₹ million)**
583.95	583.95	557.05	568.50	4,264	2.42

(Source: www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be ₹ 1,650.26 million. After deducting the Issue expenses of approximately ₹ 32.50 million, the net proceeds of the Issue will be approximately ₹ 1,617.76 million. Subject to compliance with applicable laws and regulations, our Company intends to use the net proceeds of the Issue to augment its capital adequacy ratio and for onward lending purposes in its ordinary course of business.

The Net Proceeds of the Issue are not proposed to be utilised towards any specific project. Accordingly, the requirement to disclose (i) break up of cost of the project; (ii) means of financing such project; (iii) proposed deployment status of the proceeds at each stage of the project, are not applicable.

Subject to the review of our Audit Committee, in accordance with the decision of our Board as required under the SEBI Listing Regulations, our Company's management will have the flexibility in deploying the Net Proceeds.

Neither our Promoters nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of proceeds.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as of Fiscal 2017 and as of June 30, 2017, which has been extracted from its Financial Statements and the three months period ended June 30, 2017 and as adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof. This capitalization table should be read together with the sections "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" in this Placement Document.

Particulars	**(in ₹ Million)**		
	As of Fiscal 2017	**As of June 30, 2017**	**As Adjusted for the Issue***
Short term debt (A):			
Secured	8,007.00	9,072.00	9,072.00
Unsecured	152.00	189.00	189.00
	8,159.00	**9,261.00**	**9,261.00**
Long term debt (B):			
Secured	Nil	Nil	Nil
Unsecured	547.00	505.00	505.00
Current Maturities of Long Term Debt (C)			
Secured Borrowings	153.00	135.00	135.00
Unsecured Borrowings	1,038.00	997.00	997.00
Total Long Term debt (D=B+C)	**1,738.00**	**1,637.00**	**1,637.00**
Total Debt (E=A+D)	**9,897.00**	**10,898.00**	**10,898.00**
Shareholders' funds:			
Share capital	125.00	137.00	164.48
Securities Premium	418.00	406.00	2,028.59
Reserves and surplus (excluding Securities Premium)	1,237.00	1,298.00	1,298.00
Total Shareholders' funds (F)	**1,780.00**	**1,841.00**	**3,491.07**
Total capitalization	**11,677.00**	**12,739.00**	**14,389.07**
Long Term Debt / Equity Ratio: (Total Long Term Debt/Total Shareholders Fund (D/F))	0.98	0.89	0.47
Debt / Equity Ratio: (Total Debt/Total Shareholders' Fund (E/F))	5.56	5.92	3.12

**The figures for the respective financial statements line items under 'As Adjusted for the Issue' column are derived after considering the proposed impact due to the Issue (assuming that the Issue is subscribed to terms in accordance with the resolution approved by the Board of Directors at their meeting dated November 10, 2017) and not considering any other transactions or movements for such financial statements line items after June 30, 2017. Accordingly, the 'As Adjusted for the Issue' column has been adjusted to reflect the number of Equity Shares proposed to be issued pursuant to the Issue and the related proceeds from the Issue. The aforesaid amounts do not include any Issue related expenses*.

CAPITAL STRUCTURE

The Issue has been authorised and approved by the Board of Directors on September 9, 2017 and by the Shareholders of our Company by way of their special resolution via postal ballot on October 15, 2017. The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹)

		Aggregate value at face value
A	**AUTHORISED SHARE CAPITAL**	
	2,50,00,000 Equity Shares of Face Value ₹ 10 each	250,000,000.00
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	13,719,833 Equity Shares of Face Value ₹10 each	137,198,330.00
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**(1)	
	2,727,700 Equity Shares aggregating to ₹ 1,650.26 million	27,277,000
D	**PAID-UP CAPITAL AFTER THE ISSUE**(1)	
	16,447,533 Equity Shares of Face Value ₹ 10 each fully paid up	164,475,330
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	405,607,670.00
	After the Issue(1)	2,028,589,170.00

(1) The securities premium account after the Issue is calculated on the basis of gross proceeds from the Issue. Adjustments do not include issue related expenses.

Equity Share capital history of our Company

The following table sets forth details of allotments of Equity Shares made by our Company since its incorporation:

Date of allotment	No. of Equity Shares allotted	Cumulative No. of Equity Shares	Face value (In ₹)	Issue price per Equity Share (In ₹)	Consideration (Cash/other than cash)
February 28, 1994	8(1)	8	10	10	Cash
April 6, 1994(6)	4,700,000(2)	4,700,008	10	10	Cash
April 3, 1995(6)	1,799,992(3)	6,500,000	10	10	Cash
August 4, 2011	5,972,575(4)	12,472,575	10	80	Cash
June 14, 2017	1,247,258(5)	13,719,833	10	-	Bonus

(1) Mr. Thomas John Muthoot, Mr. Mathew M. Thomas, Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas, Mrs. Preethi John, Mrs. Nina George and Mrs. Remmy Thomas were allotted 1 Equity Share, respectively, pursuant to subscription to Memorandum of Association.

(2) Mr. Mathew M. Thomas, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas, Mrs. Preethi John, Mrs. Nina George and Mrs. Remmy Thomas were allotted, 365,000, 1,450,000, 1,450,000, 1,275,000, 130,000, 10,000, 10,000 and 10,000 Equity Shares, respectively, pursuant to the resolution passed by our Shareholders dated April 06, 1994.

(3) Public Issue of 1,625,000 Equity Shares and Mr. Thomas Muthoot was allotted 174,992 Equity Shares.

(4) Rights Issue of 5,972,575 Equity Shares at a premium of ₹ 70 per Equity Share.

(5) Bonus Issue in the ratio 1:10 authorised to our Shareholders through a resolution passed by the Shareholders dated June 6, 2017.

(6) Our Company does not have copies of secretarial records evidencing these allotments, for further details, please refer section "Risk Factors - Our Company does not have has misplaced certain records and filings made with the Registrar of Companies, the Stock Exchanges and in relation to delisting of its Equity Shares from the Cochin Stock Exchange Limited and Coimbatore Stock Exchange Limited"

Other than as stated above, our Company has not issued any Equity Shares in the last one year preceding the date of filing of this Placement Document.

Employee Stock Option Scheme

As on date of the Placement Document, our Company does not have any Employee Stock Option Scheme.

DIVIDENDS

The Company has paid dividends regularly. These dividends are declared at the AGM held each Fiscal Year except, the interim dividend declared by our Company pursuant to the Board meeting dated March 11, 2016. The following table sets forth, for the periods indicated, the dividend per Equity Share and the total amount of dividends declared on the Equity Shares, both exclusive of dividend tax.

Fiscal Year	Dividend Per Equity Share	Total Amount of Dividend
	(In ₹)	(In ₹ million)
2017	NIL	-
2016	₹ 5.50 per equity share on 12,472,575 fully paid Equity Shares	₹ 68.59
2015	₹ 5.00 per equity share on 12,472,575 fully paid Equity Shares	₹ 62.36

Except for interim dividend declared by our Company pursuant to the Board meeting dated March 11, 2016, dividends are generally declared and paid in the Fiscal Year, following the Fiscal Year to which they relate. Under Indian law, a company pays dividends upon a recommendation by its board of directors and upon approval by a majority of the Shareholders at the AGM held within six months of the end of each Fiscal Year. The Shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.

Future dividends will depend on our revenues, cash flows, financial condition (including capital position) of, and other factors. Accordingly, we cannot provide any assurance that the target payout ratio will be realised. For a description of regulation of dividends, see the section "*Regulations and Policies*" on page 121. Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements, the notes and the significant accounting policies thereto as at and for the Fiscals 2015, 2016 and 2017 and the Unaudited Interim Financial, included in the section "Financial Statements" on page 178. You should also read "Risk Factors" and "Forward Looking Statements" on page 39 and 13, respectively, both of which discuss a number of factors and contingencies that could affect our financial condition, results of operations and cash flows.

Our audited financial statements as at and for the Fiscals 2015, 2016 and 2017 and the Unaudited Interim Financial Statements, were prepared on a standalone basis as our Company has no subsidiaries.

The amounts derived from financial statements included herein are presented in ₹ millions rather than ₹ thousands, which is the manner in which the numbers are presented in our Financial Statements.

The numbers disclosed herein for the three months ended June 30, 2016 are based on the Unaudited Interim Financial Statements, which was filed with the Stock Exchanges, as regrouped/reclassified in accordance with the presentation of the statement of profit and loss appearing in the Unaudited Interim Financial Statements.

Except as noted or stated below, the financial statement amounts included herein are based on the numbers appearing in the corresponding period's audited financial statements and not on the amounts included for comparison purposes in the following period's financial statements, e.g., the financial statement amounts included herein for the Fiscal 2017 are based on the audited financial statements for the Fiscal 2017 and not on the regrouped/reclassified numbers as at that date and for that period included for comparison purposes in the audited financial statements for the Fiscals 2017.

Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects from IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements in this Placement Document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian accounting processes.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year. The following discussion relates to us, for the three months ended June 30, 2017 and Fiscals 2017, 2016 and 2015. The following discussion also includes internally prepared statistical information and information publicly available from the RBI and other sources.

OVERVIEW

We are a deposit taking non banking financial company ("**NBFC-D**") registered with Reserve Bank of India since the year 1998 and are engaged in the business of providing consumer lending and wholesale lending to various individuals and small sized corporates. We are part of the Muthoot Pappachan Group. We have credit ratings of (A-/Stable) for our long term debt portfolio and of (A1/ Stable), for our short term debt portfolio, from CRISIL. Further, our public deposits have been assigned a (FA-/ Stable) rating by CRISIL.

Over the years, we have primarily focused on and have grown our vehicle finance business (mainly two wheeler loans) in a structured manner, through expansion of our network and with a dedicated team of experienced professionals. Our Company started its finance business in the year 2001, including by way of gold loans, vehicle finance, *etc*. However, two-wheeler financing has been the core business of our Company since the year 2008. We started our two-wheeler financing operations in Kerala and have expanded our operation to the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Goa, Maharashtra and Gujarat. Since the year 2015 we have also started our operations in the North and Eastern States of India. As at June 30, 2017, our Company operates its business in 16 States and one Union Territory in India.

Presently, our business has two verticals, namely, (a) Consumer Lending, and (b) Whole-sale Lending.

Consumer Lending

Our Consumer Lending segment, primarily, provides financing to self-employed individuals, salaried employees and housewives, majority of which is backed by guarantors. It comprises:

- *Two-wheeler (motorcycle/ scooter) loans* – We extend financing for purchase of new two wheelers, primarily, in the rural and semi urban areas of the States and/or Union Territory in which we operate our business. As of June 30, 2017, the average ticket size of our loans is ₹ 0.05 million. We operate our two-wheeler financing business, (i) from the premises of vehicle dealers ("**Dealer Points**"), through our employees or marketing agents or outsourced employees or sub-dealers, and (ii) through the branch network of Muthoot Fincorp Limited ("**MFL**"), a company of the Muthoot Pappachan Group. As at June 30, 2017, (i) approximately 83.64% of our total two-wheeler financing business, in terms of our revenue, is sourced from Dealer Points, and (ii) approximately 16.36% of our total two-wheeler financing business, in terms of our revenue, is sourced from MFL branches. Additionally, our Company has entered into an arrangement with Muthoot Microfin Division ("**MM**"), a company of the MFL and dealing in micro finance business, for sourcing of two-wheeler loans, to the existing customers of MM. Presently, MM customers have been offered our loans in the states of Kerala and Tamil Nadu.

- *Top-up loans* – We also provide top-up financing facilities ("**Top-Up Loans**") to our existing customers. Top-Up Loans are additional financing in the form of personal loans provided to our existing customers who have a track record of timely repayment, towards the end of the tenure of their existing loans availed from us. Top-Up Loans can be availed for an amount of upto ₹ 0.04 million with an average tenure of 19 months. In the event, our existing customers choose to avail a Top-Up Loan, final settlement of their existing facility with us takes place only upon repayment of the Top-Up Loan. Top-Up Loans were added to our Consumer Lending segment in the year 2015 and we have been focusing on expanding this segment.

Within our Consumer Lending vertical, we primarily focus on the two-wheeler financing segment. As at June 30, 2017, our Company has approximately 3,600 activated Dealer Points. Further, as at June 30, 2017 our Company operates its two-wheeler business through approximately 3,500 MFL branches. Our Company has arrangements as the '*most preferred financer*' with certain large vehicle manufacturers for two-wheeler financing, as at June 30, 2017. Additionally, our Company was awarded "*Fastest Growing Two Wheeler Financier Company Pan-India*" and "*No. 1 Finance in Kerala*" by Honda Motorcycle and Scooter India Private Limited in the year 2017.

As at Fiscal 2017, our Consumer Lending segment AUM was ₹ 12,564.86 million, which represented 87.27% of our total AUM, of which ₹ 12,472.94 million, was from two-wheeler finance/ hypothecation loans and ₹ 19.15 million, which represented 0.13 % of our total AUM was from Top-Up Loans. Further, of our two-wheeler financing segment, ₹ 10,184.11 million, which represented 70.73 % of our total AUM was from Dealer Points, and ₹ 2,307.98 million, which represented 16.04 % of our total AUM was from MFL branches. We propose to grow our Consumer Lending segment by identifying opportunities to extend financing for consumer durable, used car and personal loans.

Whole-Sale Lending

Our Whole-Sale Lending segment provides corporate finance to, small sized corporates, including, NBFCs and entities that have association with the Muthoot Pappachan Group over a considerable period of time. We operate our Whole-Sale Lending business through, (i) direct customers from our Registered Office, or (ii) individuals and/or organizations who act as arrangers to us on a non-exclusive basis. We provide Whole-Sale Lending in a very selective manner and as a strategic product, primarily to increase our loan portfolio by offering financing to only such NBFCs and/or small corporates who have, provided funds to retail and SME segment, have experienced promoters and management, proven business model and sound financial and repayment track record.

As at Fiscal 2017, our Whole-sale Lending Segment AUM was ₹ 1,823.43 million, which represented 12.66 % of our total AUM.

For the Fiscals 2015, 2016 and 2017 our total AUM was, ₹ 8,458.27 million, ₹ 10,387.89 million and ₹ 14,397.63 million, respectively, representing CAGR of 30.47%. Further, for the Fiscals, 2015, 2016 and 2017, our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, and 6.16%, respectively, and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, and 4.85%, respectively.

Our Company's CRAR for the Fiscals 2015, 2016 and 2017, computed on the basis of applicable RBI requirements is set forth in the table below:

Particulars	**As at Fiscal**		
	2017	**2016**	**2015**
CRAR – Tier I capital (%)	13.61	13.73	15.40
CRAR – Tier II capital (%)	3.37	1.67	0.57
Total CRAR (%)	16.98	15.40	15.97

For the Fiscals 2015, 2016 and 2017, (i) our total revenue was, ₹ 1,912.86 million, ₹ 2,284.94 million and ₹ 2,842.00 million, respectively, representing a CAGR of 21.89 % and (ii) our profit was ₹ 222.92 million, ₹ 228.53 million and ₹ 300.92 million, respectively representing a CAGR of 16.19 %.

As of June 30, 2017, we had more than approximately 450,000 customers and 2,022 full-time employees.

Further, we started collection of deposits since the year 2013. As at June 30, 2017, our deposit registers records an outstanding deposit of ₹ 1,053.50 million which constituted 9.56 % of our total borrowings.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition, results of operations and cash flows are affected by a number of factors. The following factors are of particular importance.

Growth in our Loan Distribution Network

Our results of operations are also dependent upon the geographic reach, service capabilities of our network of branches. Our AUM was ₹ 8,458.27 million, ₹ 10,387.89 million and ₹ 14,397.63 million as at Fiscals 2015, 2016 and 2017, respectively, representing a CAGR of 30.47% from Fiscal 2015 to Fiscal 2017. The increases in our AUM have been driven in large part by increases in our loan distribution network. We have an extensive pan-India distribution network. As at June 30, 2017, our Company operates its business in 16 States and one Union Territory in India. Since the year 2015 we have also started our operations in the North and Eastern States of India. Within our Consumer Lending vertical, we primarily focus on the two-wheeler financing segment. As at June 30, 2017, our Company has approximately 3,600 activated Dealer Points. Further, as at June 30, 2017 our Company operates its two-wheeler business through approximately 3,500 MFL branches.

We plan to continue to expand our distribution network and the rate of expansion will to a large extent drive increases in our AUM.

Interest Rates

Our results of operations are substantially dependent upon the amount of our interest and management fee incomes and net interest margin. Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Our ability to pass on any increase in interest rates depends on our borrowers' willingness to pay higher rates and the competitive landscape in which we operate. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. We borrow funds on both fixed and floating rates (which are primarily term loans with banks that are linked to banks' base rate). Our loan products comprise only of fixed interest rates. Our asset-liability strategy aims to ensure that there are no excessive concentrations on either side of the balance sheet. We diversify our borrowing mix across borrowing instruments, tenors and a mix of fixed and floating borrowings in an endeavor to match both the fixed and floating rate mix of our loan book and the tenors of such loans. Our net interest margin is also an important parameter for our business. For information on our net interest margin see "*Selected Statistical Information*" and "*Financial Statements*" on page 87 and 178, respectively.

Credit Quality, General Provisioning, NPAs and Provisioning against NPAs

Credit quality is a key driver of our results of operations, as quality loans help to reduce the risk of losses from loan impairment. We believe that our ability to control our NPAs and maintain the credit quality of our portfolio is a function of our strong risk management policies and credit evaluation framework. We have put in place documented procedures regarding credit appraisal and loan disbursement and have instituted ongoing monitoring mechanisms in order to strengthen our credit quality. For an overview of our credit appraisal and loan disbursement processes, see "*Business – Our Products*" on page 112.

We classify and, depending on the duration of non-payment, make a provision for loans that become delinquent, based on the norms stipulated by the Reserve Bank of India. For a description of our loan provisioning policy, see "*Management's discussion and analysis of financial condition and results of Operations-Critical Accounting Policies – Provisions*" on page 69. As at March 31, 2015, 2016 and 2017, and three months ended June 30, 2017 our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, 6.16%, and 7.38%, respectively, and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, 4.85 % and 5.78 %, respectively. Our loan losses and provisions were ₹ 131.03 million, ₹ 174.34 million, ₹ 221.24 million, and ₹ 91.63 million for the Fiscals 2015, 2016, 2017; three months ended June 30, 2017, respectively.

Various factors, including a rise in unemployment, a sharp and sustained rise in interest rates, a slowdown in economic growth in India, increases in commodity prices, other local issues, *etc*. may cause an increase in the level of loan delinquencies, a consequent increase in NPAs, and an increase in our loan losses and provisions. In addition, a revised regulatory framework for NBFCs will result in an increase in NPAs and an increase in standard asset provisions for the financial year 2018 onwards, which could have a material adverse effect on our financial condition and results of operations.

For the financial years 2015, the RBI required NBFCs to classify an asset as a NPA when it remained overdue for a period of six months or more. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', announced that the asset classification norms for NBFCs (such as our Company) are to be bought in line with that of banks in a phased manner, as follows: assets will become NPAs if they become overdue: (a) for five months for the financial year 2016; (b) for four months for the financial year 2017; and (c) for three months for the financial year 2018. In addition, the months overdue for higher provisioning requirements to become applicable are also being reduced on a phased basis as follows:

Financial Year 2015	Financial Year 2016	Financial Year 2017	Financial Year 2018
• More than 6 months and no more than 24 months overdue - 10% • More than 24 months and no more than 36 months overdue - 20% on secured and 100% on unsecured portion • More than 36 months and no more than 60 months overdue - 30% on secured and 100% on unsecured portion • More than 60 months overdue – 50% on secured and 100% on unsecured portion Loss assets – 100%	• More than 5 months and no more than 21 months overdue - 10% • More than 21 months and no more than 33 months overdue - 20% on secured and 100% on unsecured portion • More than 33 months and no more than 57 months overdue - 30% on secured and 100% on unsecured portion • More than 57 months overdue – 50% on secured and 100% on unsecured portion Loss assets – 100%	• More than 4 months and no more than 18 months overdue - 10% • More than 18 months and no more than 30 months overdue - 20% on secured and 100% on unsecured portion • More than 30 months and no more than 54 months overdue - 30% on secured and 100% on unsecured portion • More than 54 months overdue – 50% on secured and 100% on unsecured portion Loss assets – 100%	• More than 3 months and no more than 15 months overdue - 10% • More than 15 months and no more than 27 months overdue - 20% on secured and 100% on unsecured portion • More than 27 months and no more than 51 months overdue - 30% on secured and 100% on unsecured portion • More than 51 months overdue – 50% on secured and 100% on unsecured portion Loss assets – 100%

For the financial years 2015, the RBI required NBFCs to make a provision for standard assets of 0.25 %, of the outstanding standard assets. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', has announced that the provisioning requirement for standard assets will be increased in a phased manner, as follows: 0.30% by Fiscal 2016; 0.35% by Fiscal 2017; and 0.40% by the end of March 2018. Since the first quarter of Fiscal 2018, we make a provision for all standard assets of 0.40 %.

For further details on the above, see "*Regulations and Policies*" on page 121.

Changes in Laws, Rules and Regulations Affecting us

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. For a description of the material laws, rules and regulations applicable to us, see "*Regulations and Policies*" on page 121. Any changes in the regulatory environment under which we operate could adversely affect our results of operations and financial condition. By way of example, see the discussion on changes to the asset classification norms for NBFCs above in "*Management's discussion and analysis of financial condition and results of Operations -Credit Quality, General Provisioning, NPAs and Provisioning against NPAs*" on page 67. For details on the impact of the extant regulatory framework on our business and operations, see "*Risk Factors*" on page 39.

Cost of Funds

One of our strengths lies in our ability to raise funds at competitive rates. Our fund requirements are sourced through bank borrowings, non-convertible debentures subordinated debts and public deposits from retail customers. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors, including our ability to maintain our strong credit ratings and continuing robust and profitable business growth. Finance costs represent a majority of our expenses and represented 40.13%, 38.07%, 36.57% and 35.24% of our revenue from operations in Fiscals 2015, 2016, 2017 and in the three month period ended June 30, 2017, respectively. As of June 30, 2017, our total outstanding debt was ₹ 11,023.66 million.

The Macroeconomic Environment in India

Our results of operations, in the past have been, and will continue to be, significantly affected by the macroeconomic environment in India. The Government's monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting monetary policy. For a summary of the recent macroeconomic environment in India, see "*Industry Overview – Overview of the Indian Economy*" on page 92.

Competition

We face competition, particularly from the banking sector and other players in the NBFC sector, and our growth will depend on our ability to compete effectively. If we are unable to access funds at an effective cost that is comparable to or lower than that of our competitors or expand our reach and build our brand, we may lose existing as well as potential clients to our competitors, resulting in a decline in our market share, which may in turn impact our revenues and profitability. We would need to continuously reinvent ourselves to keep us relevant in the eyes of the customer and withstand competition.

CRITICAL ACCOUNTING POLICIES

For details on our significant accounting policies for the financial years 2015, 2016 and 2017 and three months ended June 30, 2017, see "*Financial Statements*" on page 178. While we believe that all aspects of our financial statements should be read and understood in assessing our financial condition, we believe that the following are our critical accounting policies for the financial years 2015, 2016 and 2017 and three months ended June 30, 2017 that are relevant and specific to our business and operations. The critical accounting policies set forth below are those for the financial year 2017, which were the same for the financial years 2015 and 2016.

Basis of Preparation

The financial statements for the Fiscal 2017, have been prepared and presented under historical cost convention and on the accrual basis of accounting in accordance with Indian GAAP and in compliance with the provisions of the Companies Act, 2013, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non-Banking Financial Companies from time to time, wherever applicable.

All assets and liabilities have been classified as current and non-current as per our Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of financial services provided and their realization in cash and cash equivalents, our Company has ascertained its operating cycle as 36 months for the purpose of classification of its assets and liabilities into current and non-current as per the requirements of Schedule III of the Companies Act, 2013.

The accounting policies have been consistently applied by our Company and are consistent with those used in the previous year.

Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

Revenue recognition

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

Income from Financial Services

(a) Finance charges in respect of hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan instalments are accounted as and when received by our Company;

(b) Interest on loans and advances, including Loan Buyout and Other business loans, is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for belated payments are accounted as and when received;

(c) Income in respect of Non-performing assets is recognized as and when received as per The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

(d) Interest Income on SLR Investments/ Bank Deposits including collateral deposits is recognized on accrual basis; and

(e) Income from securitization transaction, being interest spread under par structure of securitization loan receivables, is recognized over the tenure of the 'securities issued by SPV.

Windmill Income

Income from power generation is recognized on supply of power to the grid as per the terms of the arrangement with the buyers of power.

Income from Investments

Dividend on investments is recognized as income, when right to receive payment is established by the date of balance sheet. The profit/loss on capital market operations is recognized at the time of actual sale/redemption of investments.

Receivables from Financing Activities

Our Company has followed the master directions dated March 9, 2017 issued by the Reserve Bank of India for NBFCs in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments.

Hypothecation Loans

(a) Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received and loans securitized;

(b) Advance instalments received against Hypothecation loans is shown as current liabilities; and

(c) Repossessed automobile assets are valued at lower of book value and estimated realizable value.

Securitization transactions

(a) Securitized receivables are de-recognized in the Balance Sheet when they are sold i.e. if they fully meet the true sale criteria as per the Master Direction dated March 9, 2017 issued by the Reserve Bank of India; and

(b) Company's contractual rights to receive the share of the future interest (i.e. interest spread) in respect of the transferred asset from the SPV is capitalized at the present value as Interest Only (I/O) Strip(Interest Strip Retained on Securitization of Receivables) with the corresponding liability created for Unrealized Gains on Loan Transfer Transactions.

Fixed Assets, Depreciation/Amortization and Impairment

Fixed Assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs, if capitalization criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repairs and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

Depreciation on Tangible Fixed Assets

Depreciation on assets held for own use of our Company is provided on written down value method as per the useful years of life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013 and in accordance with revised Accounting Standard 10: Property, Plant and Equipment issued by the Ministry of Corporate Affairs on March 30, 2016.

Our Company has adopted the following as the useful years of life to provide depreciation on its fixed assets:

Nature of assets	Useful years of life
Motor vehicles	
Cars	8
Cycles, Scooters	10
Furniture and fittings	10
Office Equipment	5
Computer and Accessories	
Computers	3
Networks and Servers	6
Windmill generator	22

Impairment of tangible and intangible assets

(a) The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.

(b) After impairment, depreciation is provided on the revised carrying amount of the asset as per the Useful Life as prescribed in Schedule II of the Companies Act 2013.

(c) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, our Company estimates the asset's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value, after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

Investments

(a) *Investment in Government Securities*

(i) Non - Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary; and

(ii) Current Investments are valued at lower of cost and market value / net asset value.

(b) Investments – Others

Investments, which are readily realizable and intended to be held for not more than three years from the date on which such investments are made, are classified as Current Investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-Current Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Income Tax

Tax expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. Our Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

Retirement and Other Employee Benefits

(a) *Defined Contribution Plan*

(i) *Provident Fund*

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due in accordance with the fund rules. Our Company has no obligation, other than the contribution payable to the provident fund.

(ii) *Employees State Insurance*

Our Company also contributes to Employees State Insurance Corporation on behalf of its employees.

(b) *Defined Benefit Plan – Gratuity*

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/payable is determined on actuarial valuation done by an independent valuer. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit and Loss.

Segment Reporting

Our Company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of hypothecation loans, term loans, buying loan portfolio of other NBFCs/ Micro Finance Companies and loan against demand promissory notes etc.). Hence additional disclosures are not required under Accounting Standard 17 'Segment Reporting'.

Our Company operates only in India; hence there is no other significant geographical segment that requires the disclosure.

Related Party Disclosures

Disclosures are made as per the requirements of the Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by Institute of Chartered Accountants of India.

Earnings per Share

Our Company reports basic earnings per share in accordance with Accounting Standard-20 "Earnings per Share", issued by the ICAI. Basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

Cash and Cash Equivalents

(a) Cash and Cash Equivalents in the cash flow statements comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity period of three months or less. Cash at bank excludes public deposits having a maturity more than three months held as SLR deposits and other deposits given as collateral security for securitization transactions.

(b) Cash and cash equivalents in the balance sheet comprise cash at hand and at bank, remittances in transits and short term investments. Cash at bank includes deposit having a maturity of more than three months held as SLR deposits and other deposits given as collateral security for securitization transactions.

Material Events

Material Events occurring after the Balance Sheet date are taken into cognizance.

Expenses on Public Deposits / Debentures / Subordinated Debts/ Securitization

The interest on Public Deposits, Debentures and Subordinated Debt is recognized on accrual basis at the rate applicable to each scheme. The brokerage incurred on Public Deposits and subordinated debts are treated as expenditure in the year in which it is incurred. Expenditure on securitization is recognized upfront. Our Company has followed the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016.

Provisions other than that for Non-Performing Assets

A provision is recognized when our Company has a present legal or constructive obligation as a result of past event, for which it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made for the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of our 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. Our Company does not recognize a contingent liability, but discloses its existence, if it exists, in the financial statements.

Classification and provisioning of Assets as per the extant RBI guidelines

As per the guidelines given in the Master Directions dated March 9, 2017 issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments, our Company makes adequate provisions against Non-Performing Assets in the following manner:

(a) *Standard Assets*:

Provision against Standard Assets is made at the rate of 0.35% as required by Paragraph 14 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated March 9, 2017.

(b) *Sub-standard, Doubtful and Loss Assets*

(i) Provision as required by Paragraph 13 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated March 9, 2017; and

(ii) Loans in the doubtful assets category held for a period of more than two years in respect of hypothecation advance against two wheelers and three wheelers are written off as considered appropriate by the management.

(c) *Loss assets (Gold Loan)*

Loans against security of gold ornaments in the loss asset category are written off as considered appropriate by the management.

All borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

Changes in Critical Accounting Policies

Nil

Results of Operations

A. The following table sets forth our summary statements of profit and loss for the three months ended June 30, 2017 and June 30, 2016, respectively:

Particulars	Three months ended June 30, 2017		Three months ended June 30, 2016	
	₹ in millions	% of total revenue	₹ in millions	% of total revenue
Revenue from operations	796.61	99.88	642.30	99.96
Other income	0.97	0.12	0.27	0.04
Total revenue	**797.58**	**100.00**	**642.57**	**100.00**
Expenses				
Employee benefits expense	146.82	18.41	125.12	19.47
Finance costs	281.09	35.24	252.41	39.28
Depreciation and amortization	1.98	0.25	1.88	0.29
Provisions and write off	91.63	11.49	70.13	10.91
Other expenses	182.08	22.83	123.52	19.22
Total expenses	**703.60**	**88.22**	**573.06**	**89.17**
Profit before tax	**93.980**	**11.78**	**69.51**	**10.83**
Tax expense:				
- Current tax	53.00	6.65	37.70	5.87
- Deferred tax expense/(credit)	(19.92)	(2.50)	(12.96)	(2.02)
Total tax expense	**33.08**	**4.15**	**24.74**	**3.85**
Profit for the year	**60.90**	**7.63**	**44.77**	**6.98**

Three months ended June 30, 2017 compared to three months ended June 30, 2016

Total Revenue. Our total revenue increased by 24.12% to ₹ 797.58 million for the three months ended June 30, 2017 from ₹ 642.57 million for the three months ended June 30, 2016 as a result of a 24.02% increase in revenue from operations and increase in other income to ₹ 0.97 million from ₹ 0.27 million.

Revenue from operations. Our revenue from operations increased by 24.02% to ₹ 796.61 million for the three months ended June 30, 2017 from ₹ 642.30 million for the three months ended June 30, 2016. The primary reasons for this increase was increase in the overall loan book from ₹ 10,903.41 million to ₹ 15,587.46 million.

Other Income. Our other income increased to ₹ 0.97 million for the three months ended June 30, 2017 from ₹ 0.27 million for the three months ended June 30, 2016.

Total Expenses. Our total expenses increased by 22.78% to ₹ 703.60 million for the three months ended June 30, 2017 from ₹ 573.06 million for the three months ended June 30, 2016 as a result of a 11.36% increase in finance costs, a 17.34% increase in employee benefits expense, a 30.66% increase in provisions and write off and a 47.45% increase in other expenses.

Finance Costs. Our finance costs increased by 11.36% to ₹ 281.09 million for the three months ended June 30, 2017 from ₹ 252.41 million for the three months ended June 30, 2016. This increase was primarily due to the increase in the fund utilization by our Company on account of increase in the loan book. Our Company also did a securitisation transaction in the three months ended June 30, 2017, which also increased the cost.

Employee Benefit Expense. Our employee benefit expense increased by 17.34% to ₹ 146.82 million for the three months ended June 30, 2017 from ₹ 125.12 million for the three months ended June 30, 2016. The primary reason for this was increase in the employee costs on account of increments etc. and increase in the incentives on account of higher disbursement and better collections.

Provisions and Write Off. Our loan losses and provisions increased by 30.66% to ₹ 91.63 million for the three months ended June 30, 2017 from ₹ 70.13 million for the three months ended June 30, 2016. The primary reasons for this increase are discussed below:

During the three months ended June 30, 2017, our Company moved from a four month norm to recognize NPA to a three month norm. This increased the NPA figures and consequently the provision. There was also higher repossession and sale of repossessed assets which increased the charge under this head.

Other Expenses. Our other expenses increased by 47.45% to ₹ 182.08 million for the three months ended June 30, 2017 from ₹ 123.52 million for the three months ended June 30, 2016. The primary reason for this increase is discussed below.

The increase in other expenses was mainly on account of higher sourcing cost on account of high disbursement during the quarter, which increased our sourcing cost. Also with greater emphasis on collection, the cost increased from ₹ 36.81 million to ₹ 78.32 million.

Tax Expense. Our total tax expense increased by 33.71% to ₹ 33.08 million for the three months ended June 30, 2017 from ₹ 24.74 million for the three months ended June 30, 2016. This increase was primarily due to increase in taxable profit.

Net Profit for the Year. As a result of the above, our profit for the year increased by 36.03% to ₹ 60.90 million for the three months ended June 30, 2017 from ₹ 44.77 million for the three months ended June 30, 2016.

B. The following table sets forth our summary statements of profit and loss for the Fiscals 2015, 2016 and 2017:

Particulars	**Fiscal 2017**		**Fiscal 2016**		**Fiscal 2015**	
	₹ in millions	**% of total revenue**	**₹ in millions**	**% of total revenue**	**₹ in millions**	**% of total revenue**
Revenue from operations	2,840.45	99.95	2,278.22	99.70	1,904.84	99.58
Other income	1.55	0.05	6.72	0.30	8.02	0.42
Total revenue	**2,842.00**	**100.00**	**2,284.94**	**100.00**	**1,912.86**	**100.00**
Expenses						
Employee benefits expense	531.46	18.70	466.97	20.44	392.95	20.54
Finance costs	1,039.46	36.57	869.96	38.07	767.71	40.13
Depreciation and amortisation	9.90	0.35	10.32	0.45	13.90	0.73
Provisions and write off	221.24	7.79	174.34	7.64	131.03	6.85
Administrative and other expenses	578.07	20.34	408.85	17.89	265.61	13.89
Total expenses	**2,380.13**	**83.75**	**1,930.44**	**84.49**	**1,571.20**	**82.14**
Profit before tax	**461.87**	**16.25**	**354.50**	**15.51**	**341.66**	**17.86**
Tax expense:						
- Current tax	181.50	6.38	143.40	6.28	132.30	6.92
- Deferred tax expense/(credit)	(18.84)	(0.66)	(19.79)	(0.87)	(13.60)	(0.71)
- Income tax adjustment for earlier years	(1.71)	(0.06)	2.36	0.10	0.04	0.00
Total tax expense	**160.95**	**5.66**	**125.97**	**5.51**	**118.74**	**6.21**
Profit for the year	**300.92**	**10.59**	**228.53**	**10.00**	**222.92**	**11.65**

Description of Principal Components of Revenue and Expenditure

Revenue

Our revenue consists of revenue from operations and other income.

Revenue from Operations

Our revenue from operations comprises of income from financial operations, *i.e.*, hypothecation loans, income from securitization transactions, term loans, loan buyout, demand promissory notes, servicer fee income and interest income from SLR investments / deposits, collateral / deposits with bank and others.

The table below sets forth the components of our revenue from operations for the Fiscals 2015, 2016 and 2017:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Revenue from operations	2,840.45	2,278.22	1,904.84
of which:			
Income from Financial Operations	2,840.45	2,278.22	1,904.84
of which:			
Hypothecation Loans	2,415.93	2,158.10	1,877.82
Income from securitization transactions	202.17	-	-
Term Loans	160.06	14.58	-
Loan Buyout	25.81	61.30	3.28
Demand Promisory Notes	16.54	27.55	6.61
Servicer Fee income	0.50	-	-
Others (Gold loan, Loan against public deposit, Loan against Debenture)	-	-	1.18
Interest Income			
On SLR Investments / Deposits	16.49	15.16	8.35
On Collateral / Deposits with bank	1.53	0.03	0.82
Others	1.42	1.50	6.78

Other Income

Our other income for the Fiscal 2017 primarily comprised of other non-operating income i.e. income from wind mill operations, miscellaneous income and interest income.

Our other income for the Fiscal 2016 primarily comprised of dividend income from current investments, net gain on sale of investments from current investments, other non-operating income i.e. income from wind mill operations and miscellaneous income and interest income.

Our other income for the Fiscal 2015 primarily comprised dividend income from current investments, net gain on sale of investments from current investments, other non-operating income i.e. income from wind mill operations, Excess Provision Written Back, Profit on Sale of Fixed Assets, miscellaneous income and interest income.

Expenses

Our total expenses consisted of employee benefits expense, finance costs, depreciation and amortization, provisions and write off and administrative and other expenses.

Our employee benefits expense comprised salaries and wages, incentive to employees, contribution to provident and other funds, staff welfare expense, outsourced manpower and other costs.

Our finance costs comprised interest expenses (bank loans, debentures, subordinated unsecured term loan/debts, public deposits, loan from directors), securitization expenses, bank loan processing fees and other borrowing cost. The following tables set forth a breakdown of our finance costs for the Fiscals 2015, 2016 and 2017.

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Finance costs	1,039.46	869.96	767.71
of which:			
Interest Expenses	-	-	-
Bank Loans	829.72	698.50	613.44
Debentures	4.34	5.39	11.46
Subordinated unsecured term loan/debts	36.35	11.51	5.35

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Public deposit	108.20	119.97	95.53
Loan from directors	13.09	5.85	5.73
Securitization Expense	14.00	-	-
Other borrowing costs	33.76	28.74	36.20

Our loans, losses and provisions expense primarily comprised the following:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Loans losses and provisions	221.24	174.34	131.03
of which:			
Bad debts written off	18.47	30.42	-
Provision for standard assets	10.00	9.30	3.40
Provision for delinquencies	74.88	39.77	32.48
Loss on Sale of Repossessed Assets	118.13	94.75	95.15
Provision Others	(-0.24)	0.10	
Total	221.24	174.34	131.03

Our administrative and other expenses primarily included (a) Hypothecation Loan Collection Charges, (b) Business sourcing Incentive, (c) Investigation and Professional Charges and (d) Rent. The following table sets forth a breakdown of the above mentioned expenses for the Fiscal 2017, 2016 and 2015:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Other Expenses			
Major components of other expenses include:			
Hypothecation Loan Collection Charges	206.12	114.43	35.46
Business sourcing Incentive	198.04	123.15	107.81
Investigation and Professional Charges for Auto Loans	52.23	56.99	37.55
Rent	- 35.56	33.05	28.65

Fiscal 2017 compared to Fiscal 2016

Total Revenue. Our total revenue increased by 24.38% to ₹ 2842.00 million for the Fiscal 2017 from ₹ 2284.94 million for the Fiscal 2016 as a result of a 24.68% increase in revenue from operations and decrease of 77.03% in other income.

Revenue from operations. Our revenue from operations increased by 24.68% to ₹ 2,840.45 million for the Fiscal 2017 from ₹ 2,278.22 million for the Fiscal 2016. The primary reasons for this increase are discussed below:

Increase in both the Two-Wheeler financing business on which higher processing fee was collected and also increase in the Corporate Loans AUM.

Other Income. Our other income decreased by 76.93 % to ₹ 1.55 million for the Fiscal 2017 from ₹ 6.72 million for the Fiscal 2016. This decrease was primarily due to the fact that FY 16 had income from profit on sale of investments and also some income for other business auxiliary services, which was not there in FY 17.

Total Expenses. Our total expenses increased by 23.29% to ₹ 2,380.13 million for the Fiscal 2017 from ₹ 1,930.44 million for the Fiscal 2016 as a result of a 19.48% increase in finance costs, a 13.81% increase in employee benefits expense, a 26.90% increase in provisions and write off and a 41.39% increase in administrative and other expenses.

Finance Costs. Our finance costs increased by 19.48 % to ₹ 1,039.46 million for the Fiscal 2017 from ₹ 869.96 million for the Fiscal 2016. This increase was primarily due to the following reasons:

(a) Increase in fund utilization on account of higher loan book; and

(b) Securitisation expenses incurred in Fiscal 2017, which was not there is Fiscal 2016.

Employee Benefit Expense. Our employee benefits expense increased by 13.81% to ₹ 531.46 million for the Fiscal 2017 from ₹ 466.97 million for the Fiscal 2016. The primary reason for this are stated below:

(a) Salary increased on account of increments to employees; and

(b) We started out North and East Indian operations for which manpower was outsourced and cost incurred on the same.

Provisions and Write Off. Our loan losses and provisions increased by 26.90% to ₹ 221.24 million for the Fiscal 2017 from ₹ 174.34 million for the Fiscal 2016. The primary reasons for this increase are discussed below:

(a) Our Company moved from a 5 month norm for recognition of NPA to a 4 month norm which pushed up the NPA figures; also RBI's mandate of moving the standard provisioning from 0.30 to 0.35% also increased the cost; and

(b) With higher volumes being handled there were higher number of repossessions and sales of vehicles which defaulted. The higher loss on account of the same, increased the loss on sale of repossessed assets amount.

Administrative and Other Expenses. Our other expenses increased by 41.39% to ₹ 578.07 million for the Fiscal 2017 from ₹ 408.85 million for the Fiscal 2016. The primary reasons for this increase are discussed below.

(a) With higher number of agencies appointed for collection and larger number of accounts given to them for collection, the cost of collection went up significantly;

(b) With higher disbursement the cost of sourcing went up significantly;

(c) With greater emphasis on ensuring collection through legal process the legal costs for arbitration/ sec 138 cases etc. went up significantly; and

(d) With North and East operations starting through outsourced agencies, the operations costs incurred on the same also went up significantly.

Tax Expense. Our total tax expense increased by 27.78% to ₹ 160.95 million for the Fiscal 2017 from ₹ 125.97 million for the Fiscal 2016. This increase was primarily due to higher profitability and/or our taxable income

For the Fiscal 2017 and 2016, our tax expense as a percentage of our profit before tax was 34.85% and 35.53%, respectively. The corporate income tax was 34.61 % (including all cesses) for both Fiscals.

Net Profit for the Year. As a result of the above, our profit for the year increased by 31.68% to ₹ 300.92 million for the Fiscal 2017 from ₹ 228.53 million for the Fiscal 2016.

Financial Year 2016 compared to Financial Year 2015

Total Revenue. Our total revenue increased by 19.45% to ₹ 2,284.94 million for the Fiscal 2016 from ₹ 1,912.86 million for the Fiscal 2015 as a result of a 19.60% increase in revenue from operations and decrease of 16.21 % in other income.

Revenue from operations. Our revenue from operations increased by 19.60% to ₹ 2,278.22 million for the Fiscal 2016 from ₹ 1,904.84 million for the Fiscal 2015. The primary reasons for this increase are discussed below:

(a) higher volume of disbursement of Two-Wheeler loans which gave higher processing fee income; higher AUM of the same increased the Interest Income on the same; and

(b) higher Corporate lending, which also increased both processing fee and interest income

Other Income. Our other income decreased by 16.21% to ₹ 6.72 million for the Fiscal 2016 from ₹ 8.02 million for the Fiscal 2015. This decrease was primarily due to:

(a) there being a Provision write back in the year 2015; and

(b) income from wind mill reduced during the Fiscal 2016

Total Expenses. Our total expenses increased by 22.86% to ₹ 1,930.44 million for the Fiscal 2016 from ₹ 1,571.21 million for the Fiscal 2015, which increase was primarily due to a 13.32% increase in finance costs, a 18.84% increase in employee benefits expense, a 33.05% increase in provisions and write off and a 53.92% increase in Administrative and other expenses.

Finance Costs. Our finance costs increased by 13.32% to ₹ 869.96 million for the Fiscal 2016 from ₹ 767.71 million for the Fiscal 2015. This increase was primarily due to the following reasons:

(a) Higher utilization of funds on account of higher growth in the loan book; and

(b) to augment the CRAR ratio, our Company came up with issue of subordinated debt which was at a much higher cost compared to normal bank funds.

Employee Benefit Expense. Our employees benefit expense increased by 18.84% to ₹ 466.97 million for the Fiscal 2016 from ₹ 392.95 million for the Fiscal 2015. The primary reason for this increase was:

(a) increase in employee salary cost on account of annual increments and related PF and ESIC cost;

(b) higher Gratuity provisioning and higher bonus on account of stringent norms;

(c) incentives payable to employees on account of higher disbursements than the previous years and better collection; and

(d) higher medi-claim cost compared to the previous year.

Provisions and Write Off. Our loan losses and provisions increased by 33.05% to ₹ 174.34 million for the Fiscal 2016 from ₹ 131.03 million for the Fiscal 2015. The primary reasons for this increase are discussed below:

(a) on higher NPA recognition due to movement from 6 month norm to five month norm;

(b) due to non-collection, our Company decided to write off about ₹ 30.42 million; and

(c) higher standard assets provisioning on account of change in norm from 0.25% norm to 0.30%.

Administrative and Other Expenses. Our other expenses increased by 53.92 % to ₹ 408.85 million for the Fiscal 2016 from ₹ 265.61 million for the Fiscal 2015. The primary reasons for this increase are discussed below:

(a) higher collection cost as our Company had moved into collection through agencies the previous year and moved full-fledged into the same;

(b) arbitration process was given a major push which increased the legal costs;

(c) as the disbursement volumes went up, so did the cost of sourcing that;

(d) rental costs went up due to additional space being taken and some of the properties becoming due for renewal with an increased cost; and

(e) higher volumes leading to higher travelling/ communications/ and other admin costs.

Tax Expense. Our total tax expense increased by 6.08% to ₹ 125.97 million for the Fiscal 2016 from ₹ 118.74 million for the Fiscal 2015. This increase was primarily due to payment of ₹ 2.30 million on account of previous year, which was a contingent liability in previous year.

For the Fiscals 2016 and 2015, our tax expense as a percentage of our profit before tax was 35.53% and 34.75%, respectively.

Profit for the Year. As a result of the above, our profit for the year increased by 2.52% to ₹ 228.53 million for the Fiscal 2016 from ₹ 222.92 million for the Fiscal 2015.

FINANCIAL CONDITION

Total Assets

The table below sets forth the principal components of our total assets as at the as at Fiscals 2017, 2016 and 2015are specified below:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Non-Current Assets:	217.31	223.45	196.38
Fixed assets	25.92	18.26	20.44
of which			
Tangible assets	22.30	18.26	20.44
Intangible assets	3.62	--	--
Non-current investments	63.96	137.51	132.51
Deferred tax assets (net)	65.65	46.81	27.02
Long term Receivables from financing activities	54.93	15.31	7.97
Long term loans and advances	3.44	2.35	1.68
Other non-current assets	3.41	3.21	6.76
Current Assets:	12,564.58	10,497.62	8,563.68
Current investments	83.54	--	2.85
Cash and cash equivalents	144.85	80.08	65.77
Receivables from financing activities	11,981.80	10,372.58	8,443.19
Short term loans and advances	28.56	38.70	21.38
Other current assets	325.83	6.26	30.49
Total Assets	12,781.89	10,721.07	8,760.06

Total Liabilities

Our liabilities as at as at Fiscals 2017, 2016 and 2015 are set out below:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Non-Current Liabilities:	564.25	296.53	135.07
Long term borrowings	547.11	288.19	127.03
Other long term liabilities	17.14	8.34	8.04
Current liabilities:	10,437.79	8,945.61	7,292.03
Short term borrowings	8,159.03	7,329.80	5,846.50
Other current liabilities	2,050.78	1,490.46	1,293.21
Short term provisions	227.98	125.35	152.32
Total Liabilities	11,002.04	9,242.14	7,427.10

Shareholders' Funds

Shareholders' funds primarily comprise share capital and reserves and surplus. The following table sets out the shareholders' funds as at Fiscals 2017, 2016 and 2015:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Share capital	124.73	124.73	124.73
Reserves and surplus	1,655.12	1,354.20	1,208.23
Shareholders' Funds	1,779.85	1,478.93	1,332.96

LIQUIDITY AND CAPITAL RESOURCES

We have funded our liquidity and capital requirements through shareholder capital and funds generated from operations, subordinated debentures and bonds, bank borrowings and the taking of fixed deposits.

Regulatory Capital, Risk Weighted Assets and CRAR

The following table sets out our Company's CRAR as at Fiscals 2017, 2016 and 2015 and the three months ended June 30, 2017 are specified below.

	Three months ended June 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
CRAR – Tier I capital (%)	12.68	13.61	13.73	15.40
CRAR – Tier II capital (%)	3.14	3.37	1.67	0.57
Total CRAR (%)	15.82	16.98	15.40	15.97

Cash Flows

The following table summarizes our statements of cash flows as at Fiscals 2017, 2016 and 2015 are specified below:

(₹ in millions)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net Cash Flow (Used in) / Generated from Operating Activities (**A**)	(1,065.39)	(1,661.10)	(1,277.27)
Net Cash Flow (Used in) / Generated from Investing Activities (**B**)	(16.40)	3.46	(71.85)
Net Cash Flow (Used in) / Generated from Financing Activities (**C**)	1,068.51	1,654.55	1,298.50
Net (Decrease) / Increase in Cash and Cash Equivalents during the year (A+B+C)	(13.28)	(3.09)	(50.62)
Cash and Cash Equivalents at beginning of the year	23.48	26.57	77.19
Cash and Cash Equivalents at end of the year	10.20	23.48	26.57

Operating Activities

Our net cash used in operating activities was ₹ 1,065.39 million for the Fiscal 2017, consisted of profit before tax of ₹ 461.87 million, as adjusted for a number of items to reconcile profit before tax to net cash flows, primarily provisions against NPAs of ₹ 74.88 million and provisions against standard assets of ₹ 10.00 million and interest on investments ₹ 11.27 million. Changes in working capital primarily included an increase in receivables from financing activities of ₹ 1,648.69 million and increase in other current assets of ₹ 319.43 million which was partially offset by fall in short term loans and advances of ₹ 10.13 million and increase in other current liabilities of ₹ 588.86 million.

Our net cash used in operating activities was ₹ 1,661.10 million for the Fiscal 2016, consisted of profit before tax of ₹ 354.50 million, as adjusted for a number of items to reconcile profit before tax to net cash flows, primarily depreciation of ₹ 10.32 million, provisions against NPAs of ₹ 39.77 million and provisions against standard assets of ₹ 9.30 million and interest on investments ₹ 10.64 million. Changes in working capital primarily included an increase in receivables from financing activities of ₹ 1,922.40 million and increase in bank deposits of ₹ 17.40 million which was partially offset by fall in other current assets of ₹ 17.70 million and increase in other current liabilities of ₹ 29.83 million.

Our net cash used in operating activities was ₹ 1,277.27 million for the Fiscal 2015, consisted of profit before tax of ₹ 341.66 million, as adjusted for a number of items to reconcile profit before tax to net cash flows, primarily depreciation of ₹ 13.90 million, provisions against NPAs of ₹ 32.48 million and provisions against standard assets of ₹ 3.41 million and excess provision written back ₹ 4.04 million. Changes in working capital primarily included an increase in receivables from financing activities of ₹ 1,499.38 million and increase in bank deposits of ₹ 34.00 million which was partially offset by increase in other current liabilities of ₹ 12.59 million.

Investing Activities

Net cash used in investing activities was ₹ 16.40 million for the Fiscal 2017, mainly due to purchase of fixed assets including intangible assets under development of ₹ 17.64 million and the purchase of ₹ 10.13 million of investments. This was partially offset by the sale proceeds of assets/adjustments to gross block of ₹ 0.09 million and interest earned on investments of ₹ 11.27 million.

Net cash generated in investing activities was ₹ 3.46 million for the Fiscal 2016, mainly due to interest on investment of ₹ 10.64 million, profit from capital market operations of ₹ 3.26 million. This was partially offset by purchase of fixed assets including capital advance of ₹ 8.23 million and purchase of non-current investments of ₹ 2.26 million.

Net cash used in investing activities was ₹ 71.85 million for the Fiscal 2015, mainly due to purchase of non-current investment of ₹ 65.57 million and purchase of fixed assets including capital advance of ₹ 6.59 million. This was partially offset by profit from capital market operations of ₹ 0.79 million.

Financing Activities

Net cash generated from financing activities was ₹ 1,068.51 million for the Fiscal 2017, mainly due to an increase in secured and unsecured borrowings of ₹ 744.44 million and an increase in subordinated debts of ₹ 346.25 million. This was partially offset by a decrease in secured debentures of ₹ 26.19 million.

Net cash generated from financing activities was ₹ 1,654.55 million for the Fiscal 2016, primarily due to an increase in secured and unsecured borrowings of ₹ 1,690.88 million and an increase in subordinated debts of ₹ 132.85 million. This was partially offset by payment of dividends and dividend distribution tax of ₹ 154.81 million and decrease in secured debentures of ₹ 26.53 million.

Net cash generated from financing activities was ₹ 1,298.50 million for the Fiscal 2015, mainly due to an increase in secured and unsecured borrowings of ₹ 879.70 million and an increase in public deposit of ₹ 537.10 million. This was partially offset by payment of dividends and dividend distribution tax of ₹ 65.25 million and decrease in secured debentures of ₹ 80.55 million.

Maturity Pattern of Assets and Liabilities

The following table sets forth the maturity pattern of our Company's liabilities and assets as at Fiscal 2017:

(₹ in millions)

Particulars	**Total**	**One day to 30/31 days (one month)**	**Over one month up to two months**	**Over two months up to three months**	**Over three months up to six months**	**Over six months up to one year**	**Over one year up to three years**	**Over three years up to five years**	**Over five years**
Liabilities and shareholders' funds									
Shareholders' funds	1,779.85								1,779.85
Borrowings from banks	8,157.65	26.80	1,082.54	138.35	3,035.42	3,723.42	1 51.12	.00	.00
Fixed deposits	1,151.80	73.71	74.49	76.03	149.63	267.84	4 31.78	78.32	.00
Other Liabilities & provisions	1,692.59	999.06	.41	16.55	6.71	11.37	172.57	314.57	171.35
Total for Liabilities and shareholders' funds	**12,7 81.89**	**1,099.57**	**1,157.44**	**230.93**	**3,191.76**	**4,002.63**	**7 55.47**	**392.89**	**1,951.20**
Assets									
Cash and balances with banks	144.85	10.20	8.95	2.85	1.67	42.19	78.99	.00	.00
Investments	147.51						88.54	48.96	10.01
Advances	9,904.42	1,516.68	5 03.23	4 90.66	1,402.13	2,266.05	3,702.54	22.93	0 .20
Other assets	2,585.11	550.04	63.84	125.83	2 26.57	412.73	1,174.17	31.93	0 .00
Total for Assets	**12,7 81.89**	**2,076.92**	**576.02**	**619.34**	**1,630.37**	**2,720.97**	**5,044.24**	**103.82**	**10.21**

CONTINGENT LIABILITIES AND COMMITMENTS

Our contingent liabilities, as per AS 29 issued by the Institute of Chartered Accountants in India on "Provisions, Contingent Liabilities and Contingent Assets", not provided for as at the periods indicated are as mentioned in the table below:

(₹ in millions)

Particulars	As at Fiscals		
	2017	2016	2015
Income tax matters	0.19	0.19	2.36
Guarantees given on behalf of our Company	209.12	-	-

OFF-BALANCE SHEET ARRANGEMENTS

Except for loans that are assigned by us to banks and other financial institutions, we have no other off-balance sheet arrangements that materially affect our results of operations or profitability.

The table below sets forth summary details of our securitized loans, as at the dates indicated.

(₹ in millions)

Sr. No.	Particulars	As at Fiscal		
		2017	2016	2015
1	No of SPVs sponsored by the company for securitization transactions	4	Nil	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	2,907.81	Nil	Nil
3	Total amount of exposures retained by the company to comply with MRR (minimum retention requirement) as on the date of balance sheet			
	a) Off-balance sheet exposures			
	• First loss	209.12	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	• First loss	75.63	Nil	Nil
	• Others	Nil	Nil	Nil
4	Amount of exposures to securitization transactions other than MRR			
	a) Off-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil

RELATED PARTY TRANSACTIONS

For details in relation to related party transactions entered by our Company during the last three financial years, as per the requirements under AS 18 issued by the Institute of Chartered Accountants in India, see "*Financial Statements*" on page 178.

CONTRACTUAL OBLIGATIONS

Operating Leases

Our significant leasing arrangements in respect of operating leases are for office premises, which are renewable on mutual consent at agreed terms. All of our operating lease agreements provide us with a right to cancel the lease and as such, we did not have any non-cancellable operating leases as at Fiscal 2017.

Borrowings

For details our payment obligations under our borrowings as at Fiscal 2017, see the table above under "Management's discussion and analysis of financial condition and results of Operations - Maturity Pattern of Assets and Liabilities" on page 83.

INTEREST COVERAGE RATIO

The following table sets our interest coverage ratio as at Fiscals 2017, 2016 and 2015 and the three months ended June 30, 2017 are stated below:

	As at June 30, 2017	As at Fiscals		
		2017	2016	2015
Interest coverage ratio(1)	1.33	1.44	1.41	1.45

Note: *Our interest coverage ratio is profit before interest and tax divided by interest expense.*

QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Our risk management committee regularly reviews the risks we face in our business to come up with measures that can address issues such as systemic risks to our business, portfolio or balance sheet arising from credit quality, liquidity and interest rate movements.

The key market risks and risk-mitigation principles we apply to address these risks are summarized below.

Interest Rate Risk

If we are unable to match our lending portfolio with our borrowings, we would be exposed to interest rate risks as a result of lending to customers at interest rates and in amounts and for periods that may differ from our funding sources. Any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets will result in a decline in our net interest margin and would have an adverse effect on our results of operations. We assess and manage the interest rate risk on our balance sheet through the process of asset liability management. Our cost of borrowings will be negatively impacted by an increase in interest rates. Exposure to fluctuations in interest rates is measured primarily by gap analysis of the maturity profile of our assets and liabilities.

Liquidity Risk

Liquidity risk arises due to the non-availability of adequate funds or the non-availability of adequate funds at an appropriate cost, or of appropriate tenure, to meet our business requirements. This risk is minimized through a mix of strategies, including assignment of our loans, having excess sanctions to meet critical payouts if and when needed and ensuring that all the facilities that are maturing are renewed on due date to ensure availability of funds. We place a high priority on maintaining high structural liquidity at all times and monitor liquidity risk through our asset liability management function, which is under our finance department. We follow a policy of aiming to match funding, with the help of liquidity gap reports.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirement for asset liability management. We have an asset liability management committee, which is responsible for formulation of asset management strategy and policies and to ensure there are no concentrations on either side of balance sheet.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under their loan agreements with us. For details of our credit risk management, see "*Business – Credit Risk Management*" on page 118.

Material developments after Fiscal 2017

In the opinion of our Board, other than as disclosed below and/or elsewhere in this Placement Document and as disclosed to Stock Exchanges, there have not arisen any circumstances since Fiscal 2017, which materially and adversely affect or are likely to materially and adversely affect our trading or profitability, the value of our assets or our ability to pay our liabilities within the next 12 months.

(a) The Board of Directors has on July 26, 2017 approved the profit and loss account for quarter ended June 30, 2017, for details, see "*Financial Statements*" on page 178.

(b) The Board of Directors has on November 10, 2017 approved the profit and loss account for quarter and six months ended September 30, 2017, for details, see "Financial Statements" on page 178.

(c) *Bonus issue*: Allotment of 1,247,258 Equity Shares on June 14, 2017 as bonus shares in the proportion of one new equity share of ₹ 10/- each for every ten existing fully paid equity share of ₹ 10/- each;

(d) *Non-declaration of dividends*: With an intent to utilize funds for the business of our Company and improving our Tier I capital, the Company did not declare any dividends;

SELECTED STATISTICAL INFORMATION

The following information should be read together with "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations", our Company's Financial Statements included in "Financial Statements" and "Selected Financial Information", of this Placement Document. The financial information presented in this section has been derived from our Company's Audited Financial Statements.

Certain ratios and averages shown in this section are non-Indian GAAP financial measures. These non-Indian GAAP financial measures may not be computed on the basis of any standard methodology that is applicable across the financial services industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies

Assets Under Management

The table below presents the assets under management for our verticals as at Fiscals 2017, 2016 and 2015.

Vertical	As at Fiscals					
	2017		2016		2015	
	(in ₹ Million)	% of total AUM	(in ₹ Million)	% of total AUM	(in ₹ Million)	% of total AUM
Hypothecation Loan						
Securitized Portfolio	2,360.90	16.39%			7.11	0.08%
Own Book						
Two Wheeler	10,131.19	70.37%	9,097.72	87.58%	7,388.36	87.35%
Other Loans	31.49	0.22%	14.83	0.14%	8.61	0.10%
Three Wheeler	41.28	0.29%	210.59	2.03%	59 3.16	7.01%
Corporate Loan	1,823.43	12.67%	1,053.26	10.14%	44 8.56	5.31%
Others	9.34	0.06%	11.49	0.11%	1 2.47	0.15%
Total Own Book	**12,036.73**	**83.61%**	**10,387.89**	**100.00%**	**8,451.16**	**99.92%**
Total AUM	**14,397.63**	**100.00%**	**10,387.89**	**100.00%**	**8,458.27**	**100.00%**

Receivables under Financing Activity

The table below presents breakup of our receivables under financing activity as secured receivables under financing activity and unsecured receivables under financing activity as at Fiscals 2017, 2016 and 2015.

(₹ Millions)

Segment	As at Fiscal		
	2017	2016	2015
Secured receivables under financing activity	11,963.82	10,334.03	8,378.97
Unsecured receivables under financing activity	72.91	53.86	72.19
Total	**12,036.73**	**10,387.89**	**8,451.16**

Details of Securitisation Transactions

The table below presents our securitisation transactions undertaken as at Fiscals 2017, 2016 and 2015.

(₹ **Millions)**

Sr. No.	Particulars	As at Fiscal		
		2017	2016	2015
1	No of SPVs sponsored by the company for securitization transactions	4	Nil	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	2,907.81	Nil	Nil
3	Total amount of exposures retained by the company to comply with MRR (minimum retention requirement) as on the date of balance sheet			
	a) Off-balance sheet exposures			
	• First loss	209.12	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	• First loss	75.63	Nil	Nil

Sr. No.	Particulars	As at Fiscal		
		2017	2016	2015
	• Others	Nil	Nil	Nil
4	Amount of exposures to securitization transactions other than MRR			
	a) Off-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil

Profitability Analysis

The following table sets forth our profitability analysis as at Fiscals 2017, 2016 and 2015.

(₹ in millions, except percentages)

Particulars	Financial Year		
	2017	2016	2015
Total income	2,842.00	2,284.94	1,912.86
Finance costs	1,039.46	869.96	767.71
Net Interest Income	**1,802.54**	**1,41 4.98**	**1,14 5.15**
Operating expenses	1,119.43	886.14	767.60
Loan losses and provisions	221.24	174.34	3 5.89
Profit before tax	**461.87**	**354.50**	**34 1.66**
Total tax expense	160.95	125.97	11 8.74
Profit for the year	**300.92**	**228.53**	**22 2.92**
Average Receivables under Financing Activity	11,212.30	9,419.53	7,678.65
Average Borrowings	9,472.84	8,032.83	6,446.28
Total Income as a percentage of Average Receivables under Financing Activity	25.35%	24.26%	24.91%
Finance cost as a percentage of Average Borrowings	10.97%	10.83%	11.91%
Net Interest Income to Average Receivables under financing activity	16.08%	15.02%	14.91%
Operating expenses to Average Receivables under Financing Activity	9.98%	9.41%	10.00%
Operating expenses to Net Interest Income	62.10%	62.63%	67.03%
Loan losses and provisions to Average Receivables under Financing Activity	1.97%	1.85%	0.47%
Tax expense to profit before tax	34.85%	35.53%	34.75%

1. Net Interest Income refers to total income less finance costs.
2. Average Receivables under Financing Activity is the average of opening and closing balances outstanding of receivables under financing activity for the financial year.
3. Borrowings is the total of short term borrowings, long term borrowings and current maturities of long term borrowings.
4. Average Borrowings is the average of opening and closing balances outstanding of borrowings for the financial year
5. The Total Income as percentage of Average Receivables under Financing Activity is the ratio of Total Income to Average Receivables under Financing Activity for the financial year.
6. Finance cost as percentage of Average Borrowings is the ratio of interest expense and other borrowing costs to Average Borrowings for the financial year
7. Net Interest Income to Average Receivables under Financing Activity refers to Net Interest Income on Average Receivables under Financing Activity
8. Operating expenses to Average Receivables under Financing Activity refers to operating expenses on Average Receivables under Financing Activity
9. Operating expenses to Net Interest Income refers to operating expenses on Net Interest Income

10. Loan losses and provisions to Average Receivables under Financing Activity refers to loan losses and provisions on Average Receivables under Financing Activity
11. Tax expense to profit before tax refers to total tax expense on profit before tax

Return on Average Assets (ROAA) and Return on Average Equity (ROAE)

The table below presents our Return on Average Assets and Return on Average Equity as at Fiscals 2017, 2016 and 2015.

(₹ Millions, except percentages)

Particulars	Fiscal		
	2017	2016	2015
Average Receivables under Financing Activity	11,212.30	9419.53	7,678.65
Average equity	1,629.39	1,405.95	1,259.21
Profit after tax	300.92	228.53	222.92
Return on Average Assets (ROAA)	2.68%	2.43%	2.90%
Return on Average Equity (ROAE)	18.47%	16.25%	17.70%

Note:
1. Average Equity is the average of opening and closing balances outstanding of shareholders' fund for the financial year
2. Return on Average Assets refers to profit after tax on Average Receivables under Financing Activity
3. Return on Average Equity refers to profit after tax on Average Equity

Gross NPAs, Net NPAs and Provisioning Coverage Ratio (PCR)

The table below presents our Gross NPAs, Net NPAs and Provisioning coverage ratio as at Fiscals 2017, 2016 and 2015

(₹ Millions, except percentages)

Particulars	Fiscal		
	2017	2016	2015
Gross non-performing assets (Gross NPAs)	741.51	541.72	326.86
Provision for non-performing assets	166.13	91.25	51.49
Net non-performing assets (Net NPAs)	575.38	450.47	275.37
Gross credit exposure	12,036.72	10,387.89	8,451.16
Net credit exposure	11,870.58	10,296.64	8,399.67
Gross NPA %	6.16%	5.21%	3.87%
Net NPAs %	4.85%	4.37%	3.28%
Provisioning coverage ratio (PCR)	22.40%	16.84%	15.75%

Note:
1. Gross NPA % refers to Gross NPAs on gross credit exposure
2. Net NPA % refers to Net NPAs on net credit exposure
3. Provisioning coverage ratio refers to the provision for non-performing assets on Gross NPAs

Sector Wise NPAs

The table below presents our sector wise Gross NPAs & Net NPAs as at Fiscals 2017, 2016 and 2015.

Sector	Fiscal					
	2017		2016		2015	
	% of gross NPAs to total advances in the business vertical	% of net NPAs to total advances in the business vertical	gross NPAs to total advances in the business vertical	NPAs to total advances in the business vertical	gross NPAs to total advances in the business vertical	NPAs to total advances in the business vertical
Hypothecation Loan						
Two Wheeler	7.03%	5.52%	5.12%	4.35%	3.09%	2.59%
Consumer Durable & Four Wheeler	1.51%	0.83%	3.08%	2.38%	5.73%	3.62%
Three Wheeler	68.94%	37.87%	35.26%	14.12%	16.33%	14.12%
Gold Loan			100.00%		100.00%	

Sector	Fiscal					
	2017		2016		2015	
	% of gross NPAs to total advances in the business vertical	% of net NPAs to total advances in the business vertical	gross NPAs to total advances in the business vertical	NPAs to total advances in the business vertical	gross NPAs to total advances in the business vertical	NPAs to total advances in the business vertical
DPN	0.04%	0.00%	0.06%	0.00%	0.03%	0.00%
Others Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total NPAs	**6.16%**	**4.78%**	**5.21%**	**4.34%**	**3.87%**	**3.26%**

Concentration of Advances, Exposures and NPAs

The table below presents our concentration of advances, exposures and NPAs as at Fiscals 2017, 2016 and 2015.

(₹ Million, except percentages)

Particulars	Fiscal		
	2017	2016	2015
Concentration of advances			
Total advances to 20 largest borrowers	1,793.90	1,046.99	453.27
Percentage of advances to 20 largest borrowers to total advances of the Company	15.10%	10.21%	5.47%
Concentration of exposures			
Total exposures to 20 largest borrowers / customers	1,793.90	1,046.99	453.27
Percentage of exposures to 20 largest borrowers / customers to total exposure of the Company on borrowers / customers	15.10%	10.21%	5.47%
Concentration of NPAs			
Total exposure to top 4 Gross NPA accounts	0.56	0.60	0.64
Percentage of exposure to top 4 Gross NPA accounts to total Gross NPAs	0.08%	0.11%	0.20%

Asset-Liability Gap

The table below presents our asset and liability gap as at Fiscal 2017 on a standalone basis

	Up to 3 Months	Over 3 Months to 1 Year	Over 1Year to 5 Years	> 5 Years	Total
	(₹ million, except percentages)				
Break up of outflows					
Shareholders' funds				1,779.85	1,779.85
Borrowings from banks	1,247.69	6,758.83	151.13		8,157.65
Deposits-(including sub ordinate debt, debentures & public deposit)	231.10	435.56	860.83	171.35	1,698.84
Other liabilities-(LFD & ICD)	1,009.14	-	136.41	-	1,145.55
Total equity and liabilities	**2,487.93**	**7,194.39**	**1,148.37**	**1,951.20**	**12,781.89**
Break up of inflows					
Cash and bank balances	22.00	43.86	78.99	-	144.85
Investments			137.50	10.01	147.51
Advances- Hypothecation Loan	2,510.57	3,668.18	3,725.47	0.20	9,904.42
Other assets - Other Loans	739.71	639.30	1,206.10	-	2,585.11
Total assets	**3,272.28**	**4,351.34**	**5,148.06**	**10.21**	**12,781.89**
Liquidity gap – (inflow-outflow)	**784.35**	**(2,843.05)**	**3,999.69**	**(1,940.99)**	**0.00**
Cumulative gap – inflow	**784.35**	**(2,058.69)**	**1,940.99**	**0.00**	**0.00**
Liquidity gap as % of total equity and liabilities	**32.00%**	**(40.00%)**	**348.00%**	**(99.00%)**	**0.00%**

Capital to Risk (Weighted) Assets Ratio (CRAR)

The table below presents our CRAR as at Fiscals 2017, 2016 and 2015.

(₹ Million, except percentages)

Particulars	Fiscal		
	2017	**2016**	**2015**
Risk Weighted Assets	12,292.12	10,431.90	8,478.90
Tier I Capital	1,672.09	1,432.11	1,305.94
Tier II Capital	414.65	174.86	47.91
CRAR %	**16.98%**	**15.40%**	**15.97%**
Tier I %	13.61%	13.73%	15.40%
Tier II %	3.37%	1.67%	0.57%

Note:

1. Tier I % refers to as Tier I capital on risk weighted assets
2. Tier II % refers to as Tier II capital on risk weighted assets

Operational Metrics

Particulars	As of and for the Fiscals		
	2017	**2016**	**2015**
Number of dealers	**3,405**	**3,906**	**2,075**
Number of branches including head office	32	31	29
Number of states where our operations are focused	16	15	8
Number of districts	208	164	126
Number of employees	2,139	2,156	2,153
Loan officers	1,561	1,579	1,612
Branch management staff	335	318	303
Area office managers	NA	NA	NA
Regional office staff	NA	NA	NA
Head office staff	244	259	238
Number of Borrowers	232,524	167,204	138,832
Number of loans disbursed	232,524	167,204	138,832
Disbursements (in ₹ millions)	11,350.45	7,800.31	5,924.53
Gross outstanding loan portfolio (in ₹ millions)	14,397.63	10,387.89	8,458.27
Loans outstanding (In ₹ millions)	12,036.72	10,387.89	8,451.16
Securitized and assigned loans (in ₹ millions)	2,360.90		7.11
Ratio of disbursements to the number of loans disbursed (₹)	48,813.89	46,651.46	42,674.10

INDUSTRY OVERVIEW

*All data in this section is derived from (i) websites of and publicly available documents from various sources, including but not limited to, the Reserve Bank of India ("**RBI**") and the Ministry of Finance, and (ii) reports from CRISIL Research. The data from CRISIL Research is subject to the disclaimer set out below. The data may have been re-classified by us for the purpose of presentation.*

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OVERVIEW OF THE INDIAN ECONOMY

The Indian economy is the third largest economy in the world by purchasing power parity. For 2016, India's gross domestic product ("**GDP**") based on purchasing power parity per capita was approximately US$ 8.662 trillion *(Source: https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html as at October 25, 2017).*

In the wake of unusually low growth in the first quarter, the real GDP growth forecast for fiscal 2018 has been scaled down from 7.4% to 7%. That said, growth would continue to be consumption led, given near normal monsoon, softer interest rate & inflation, pay commission related hikes at the center and state level and pent up demand on account of demonetization.

While exports are likely to do better this year relative to the last, their growth would be limited because of a strong rupee and weak intensity of international trade. However, imports are expected to surge - on account of buoyant domestic consumption and a strong rupee - and lead to a wider trade deficit. We therefore expect Current Account Deficit to increase to 1.5% of GDP in fiscal 2018 from 0.7% of GDP in fiscal 2017.

The Central Government has achieved the fiscal deficit target of 3.5% of GDP in fiscal 2017 comfortably, because of windfall gains from income disclosure scheme. The fiscal deficit target of 3.2% for fiscal 2018 looks manageable. Tax collection assumptions are reasonable despite the anticipated short term disruptions on account of GST implementation.

CRISIL's projections

	2015-16	**2016-17**	**2017-18F**
GDP (y-o-y %)	7.9	7.1	7.0
CPI inflation (%, average)	4.9	4.5	4.0

	2015-16	2016-17	2017-18F
Fiscal Deficit (% of GDP)	3.9	3.5	3.2
10 year G-sec yield (%, March-end)	7.5	6.8	6.7
Current account deficit (% of GDP)	1.1	0.7	1.5
Rs per $ (March-end)	66.3	65.9	65.5

Source: CSO, RBI, Budget documents, Ministry of Finance, CRISIL Research

NON-BANKING FINANCE COMPANIES

A non-banking financial company ("**NBFC**") is a company registered under the Companies Act, 1956 or the Companies Act, 2013 that is engaged in the business of providing loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by the Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution that is a company and has a principal business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner, is also a NBFC (residuary non-banking company). (*Source: https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92, FAQs updated as on January 10, 2017).*

The NBFC sector is a fast growing sector with significant diversity in terms of size and operational dimensions. NBFCs play a vital role in providing credit by complementing commercial banks and also cater to some niche sectors. is a heterogeneous group of institutions (other than commercial and co-operative banks) performing financial services in a variety of ways, including, but not limited, to the accepting of deposits, making of loans and advances, providing leasing/hire purchase services. Though the banking system remains dominant in financial services, NBFCs have grown in importance, carving a niche for themselves in the under-penetrated regions and unbanked segments.

NBFCs are categorized a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs, b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

I. Asset Finance Company (AFC) : An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

II. Investment Company (IC) : IC means any company which is a financial institution carrying on as its principal business the acquisition of securities,

III. Loan Company (LC): LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

IV. Infrastructure Finance Company (IFC): IFC is a non-banking finance company a) which deploys at least 75% of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of ₹ 3000 million, c) has a minimum credit rating of ‘A ‘or equivalent d) and a CRAR of 15%.

V. Systemically Important Core Investment Company (CIC-ND-SI): CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-

(a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;

(b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;

(c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;

(d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.

(e) Its asset size is ₹ 1000 million or above and

(f) It accepts public funds

VI. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC) : IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

VII. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI): NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

a. loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 1,00,000 or urban and semi-urban household income not exceeding ₹ 1,60,000;

b. loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 1,00,000 in subsequent cycles;

c. total indebtedness of the borrower does not exceed ₹ 1,00,000;

d. tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 15,000 with prepayment without penalty;

e. loan to be extended without collateral;

f. aggregate amount of loans, given for income generation, is not less than 50 % of the total loans given by the MFIs;

g. loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower

VIII. Non-Banking Financial Company – Factors (NBFC-Factors): NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 percent of its total assets and its income derived from factoring business should not be less than 50 percent of its gross income.

IX. Mortgage Guarantee Companies (MGC) - MGC are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is ₹ 1000 million.

X. NBFC- Non-Operative Financial Holding Company (NOFHC) is financial institution through which promoter / promoter groups will be permitted to set up a new bank .It’s a wholly-owned Non-Operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

Regulatory framework

Regulatory framework for auto-financing NBFCs

The following regulations are currently applicable to non-deposit-taking NBFCs. These also apply to auto-financing NBFCs.

Requirements pertaining to capital adequacy

NBFCs are required to have a capital-to-risk weighted ratio of 15% and a tier-I capital of 10%.

Asset classification

After taking into account the degree of well-defined credit weaknesses and the extent of dependence on collateral security for realisation, auto-finance companies shall classify their loans and advances and all other forms of credit into the following classes:

1. Standard assets
2. Sub-standard assets
3. Doubtful assets
4. Loss assets

Provisioning requirements

In a recent review, the provision for standard assets for NBFCs-ND-SI and for all NBFCs-D was increased to 0.40%. Compliance to the revised norms will be phased:

- 0.30% by end of March 2016
- 0.35% by end of March 2017
- 0.40% by end of March 2018

Provisioning norms for loans and advances		
Type of asset	**Period for which loans and advances are overdue**	**Provision % of outstanding**
Sub-standard	Up to 12 months	10
Doubtful (Secured)	Up to 12 months	20
Doubtful (Secured)	12 to 36 months	30
Doubtful (Secured)	More than 36 months	50
Doubtful (Unsecured)	Not applicable	100
Loss	Decided by company	100

Source: RBI, CRISIL Research

NPA recognition norms

NBFCs were hitherto required by the RBI to recognise NPAs as loans in which either interest or principal payment has been outstanding for 180 days or more. In November 2014, the central bank revised the guidelines, requiring NBFCs to adopt 90-day NPA recognition, at par with banks, by March 2018. This required NBFCs to progress to 150-day, 120-day and 90-day recognition by March 2016, March 2017 and March 2018 respectively

OVERVIEW OF THE AUTO FINANCE INDUSTRY

Loan Disbursements

The auto finance industry grew 12% on-year in 2016-17 to ₹ 5,292 billion, supported healthy growth in new PV disbursements. Growth in disbursements in the cars and UVs segment, though healthy at 18% on-year for the fiscal, took a beating in November and December due to the ban on ₹1,000 and ₹500 notes. The impact of demonetisation was largely on the self-employed segment because of the cash-intensive nature of the businesses. Likewise, while decline in interest rates for CV financing in 2016-17 aided sales in the first half, the market witnessed major disruption and subsequently slump after the government announced demonetisation in

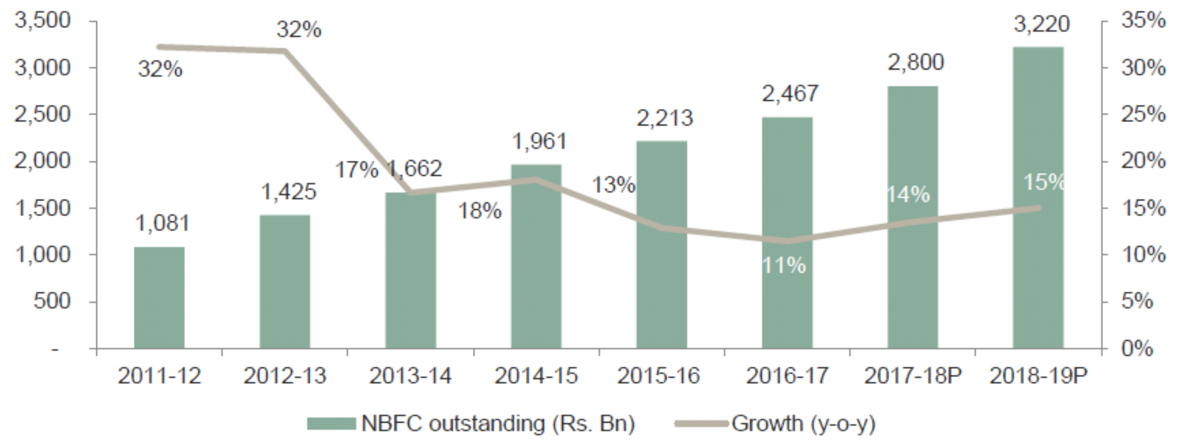
November 2016. In 2016-17, CV loan disbursements grew 7% on-year.

Over the next two years, within new vehicle financing, new PV disbursements are expected to accelerate at 16% CAGR and new CV disbursements 12% CAGR.

Cars and UVs finance is forecast to grow at 16% CAGR on the back of improvement in economic sentiment, higher prices (with BS-IV having kicked in from April 2017), increase in finance penetration and LTV and rise in the number of addressable households. Within PV finance, the UV finance market is expected to grow faster than the car finance market at 19% CAGR over next two years, given higher UV sales as customer preference shifts.

CV disbursement is expected to grow 12% CAGR over next two years aided by ~17% disbursement growth in the LCV finance market. The MHCV finance is forecast to grow a slower 9% during the same period. In the long term, factors driving growth will be higher vehicle prices (due to the government's mandate of switching to BS-VI norms by 2020), new body norms (which will ensure customers go for more organised body builders), overall volume growth, improved availability of borrowers' credit history (especially of first-time users) through credit bureaus, lower interest rates, increase in finance penetration and higher LTV.

CRISIL Research expects the loan outstanding of non-banking financial companies (NBFCs) in the auto finance industry to grow at a CAGR of 14% over next two years. New vehicle financing will propel growth. Improving industrial activity, faster project clearances, and favorable monsoons will drive vehicle sales, resulting in disbursement growth. Disbursements are also expected to rise with increase in vehicle prices, finance penetration and loan-to-value (LTV) ratio, and better availability of credit bureau data.



Segment-wise growth in domestic vehicle sales

Automobile sales grew 10% on-year in 2016-17, supported by interest rate cuts, strong growth in sales of utility vehicles (UVs), new model launches and advanced purchases owing to the enforcement of Bharat Stage (BS)-IV norms in the fourth quarter of 2016-17. A higher trajectory was truncated because of the government's demonetisation move in the third quarter of the fiscal.

	2013-14	2014-15	2015-16	2016-17
New MHCV	-27%	21%	32%	-1%
New LCV	-18%	-13%	-1%	8%
New Cars	-5%	5%	9%	4%
New UVs	-9%	1%	9%	23%
Two-wheelers	7%	8%	4%	7%
Tractors	20%	-13%	-11%	18%

Source: CRISIL

Segment-wise growth outlook

	2017-18P	2018-19P
New MHCV	-2%	6%
New LCV	11%	11%
New Cars	9%	15%
New UVs	15%	13%
Two-wheelers	15%	9%
Tractors	12%	8%

P: Projected
Source: CRISIL Research

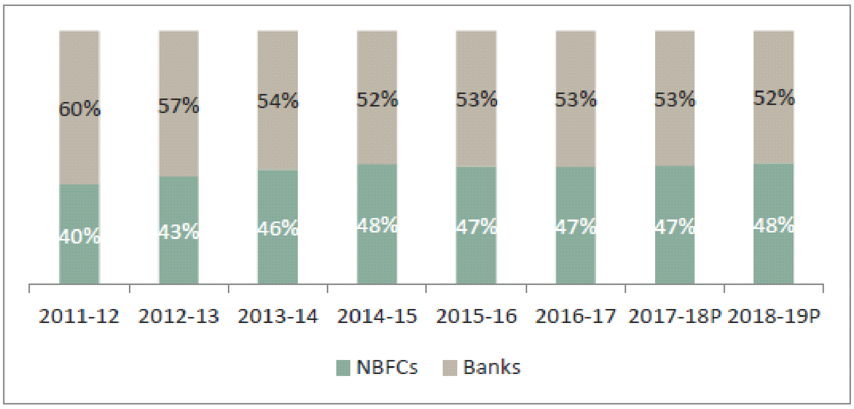
Long term growth of the auto finance market is expected to be driven by:

1. **India's demographic and socio-economic fundamentals:** Large young driving age population, increase in vehicle penetration, higher urban population, reduction in average car ownership period, rising disposable income and higher sales of used cars in the country

2. **Increasing penetration and wider availability of financing options:** Easy and quick loan policies, higher penetration of banks and NBFCs, increasing presence of captive financiers, advancement in data utilization and technology for reducing risk, and improvement in internet connectivity and mobile banking

NBFCs' share in auto finance

NBFCs have increased their market share vis-à-vis banks from ~ 40% in 2011-12 to 47% in 2016-17 due to factors such as control over operating cost, wider and effective reach, strong risk management capabilities to check and control bad debts, and better understanding of their customers. NBFCs have also gained share by catering to customers with relatively weaker credit profiles, focusing on used vehicle financing (banks have a very limited presence in this space) and ensuring faster processing, less documentation and greater flexibility in borrower appraisal. In fact, banks largely lend to large fleet operators whereas NBFCs lend to customers with a weaker credit profile, such as small fleet operators, first time buyers (FTBs) and first time users (FTUs). Even in other vehicle segments, banks focus on salaried customers and self-employed customers with strong credit profiles. Stress on the books of banks, especially public sector banks, also helped NBFCs to gain share.

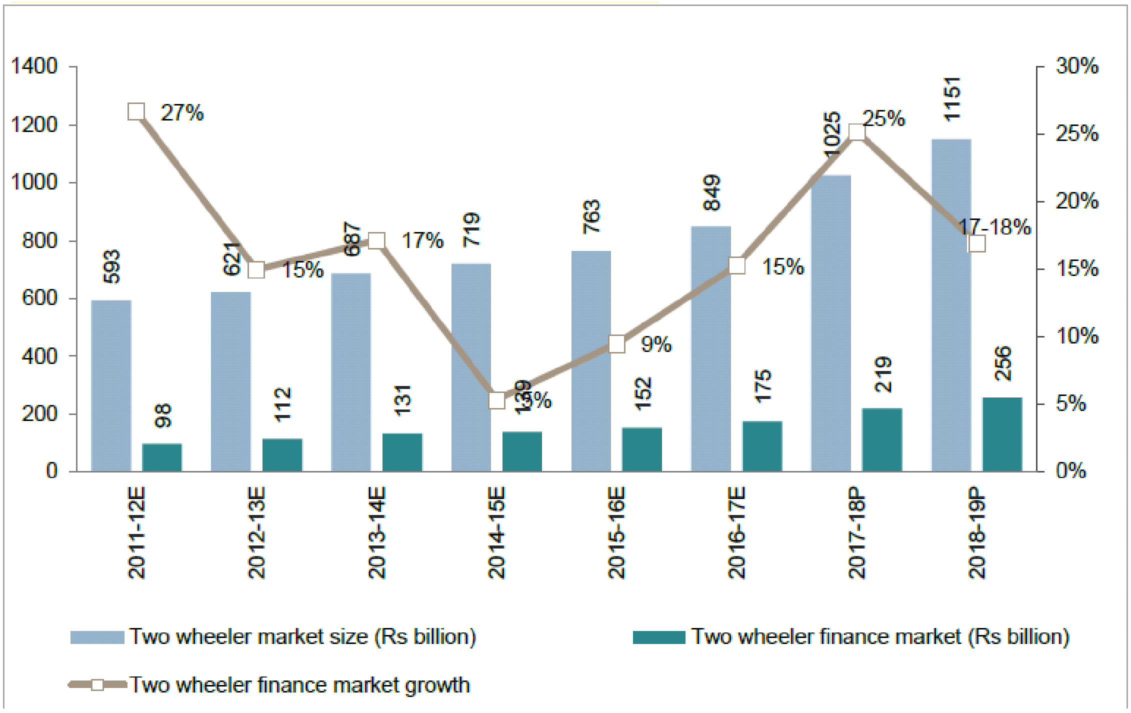


P: Projected
Source: RBI, Company reports, CRISIL Research

Growth in two-wheeler finance disbursements

CRISIL Research expects loan disbursements in the two-wheeler segment to grow ~25% and 18%, respectively, in 2017-18 and 2018-19, supported by a ~15% rise in sales volume, an increase in the average price (~5%) in 2017- 18, and a considerable shift in the consumer preference towards premium-segment vehicles (as their share has grown to 14% in 2016-17 in the total two-wheeler volume, from 12% in 2009-10), mostly in the urban areas, and higher finance penetration. Moreover, the introduction of marginal cost of funds based lending scheme (MCLR) and declining repo rate will lower the auto-finance interest rates, as banks will pass on the benefits to consumers. Conversely, we expect the loan-to-values (LTVs) to increase, with the rising help from the credit bureau data and increasing proportion of urban people.

CRISIL Research expects the two-wheeler sales growth to be 11-13% CAGR in 2017-18 & 2018-19, up from 7% in the previous fiscal, supported by good crop output, pay commission rollouts and low base of 2016-17 (due to demonetisation and BS IV). The growth will also be supported by the expected 9-11% CAGR revival in motorcycle demand (which accounts for nearly 63% of total two-wheeler sales) and 18-20% CAGR growth in the scooters segment in 2017-18 and 2018-19, supported by aggressive model launches by players amid the shift in consumer preference to this category. Greater focus on the rural consumers, newer models with better fuel efficiency, and a wider distribution network in the semi-urban and rural areas will drive scooter sales. Also, financing penetration in scooters is lower than that of motorcycles, providing ample room for total loan disbursement growth.

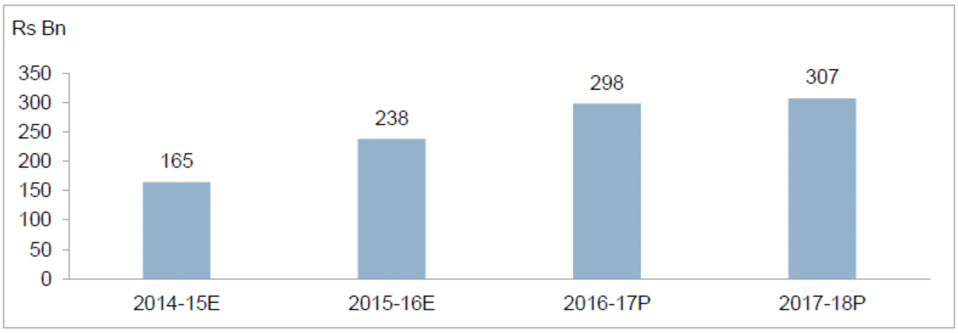


Note: E: Estimate, P: Projected
Source: CRISIL Research

Rising investments in roads to help boost rural income

Rural infrastructure also has a pronounced impact on rural incomes and two-wheeler sales. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY), launched in 2000, the government aims to build all-weather roads in rural India. The scheme involves construction/upgradation of over 800,000 km of rural roads. Of these, 517,268 km of roads connecting 135,637 habitations have been completed till date. CRISIL Research expects the investment under this scheme to continue in 2017-18, supporting rural infrastructure.

PMGSY investments



Source: National Rural Roads Development Agency, CRISIL Research

Rural connectivity and women participation to provide an additional boost to addressable household growth

Long-term growth is majorly provided by the rising affordability and the growing number of addressable households. Improving economic scenario as well as structural factors are estimated to give a required push to addressable households in the next five years.

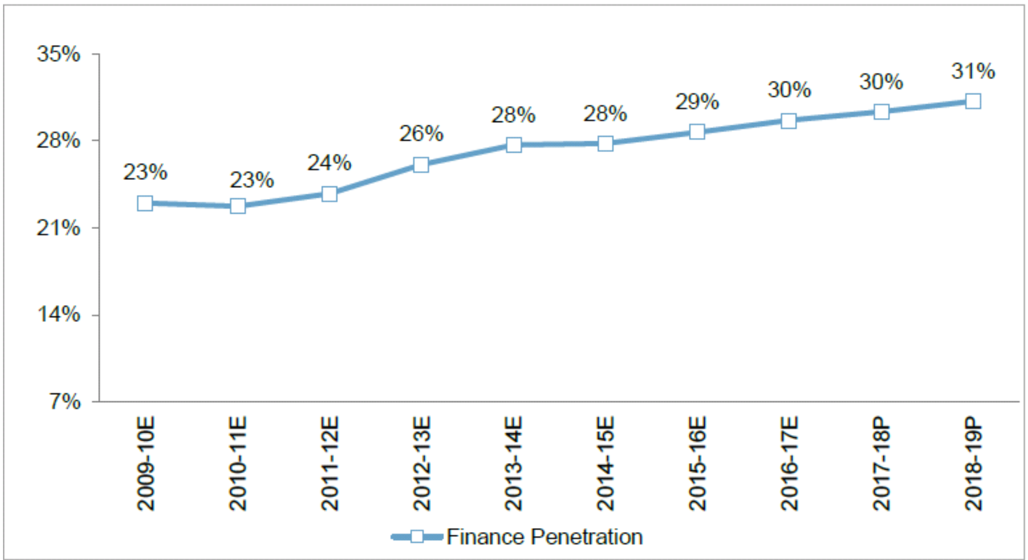
Multiple two-wheeler ownerships saw a large rise in the past decade or so in both urban and rural regions, with about 22-25% and 32-35% of households respectively owning more than one two-wheeler.

Increase in finance penetration to boost loan disbursements

After falling to less than 25% in 2009-10, two-wheeler finance penetration has improved gradually. Over the next two years, CRISIL Research expects the finance penetration to improve at a faster pace, with the rising number of finance players in the untapped market, rising banking habits among rural customers, as well as the ease of financing option availability.

Finance penetration is higher at about 30-35% in the top 20 cities. The proportion of two-wheeler buyers through loans outside the top 20 cities is lower, primarily due to the lower financing options in these regions and the lower EMI-servicing capability of borrowers. Most borrowers in these regions are self-employed and lack continuous income streams.

Finance penetration in the two-wheeler finance market



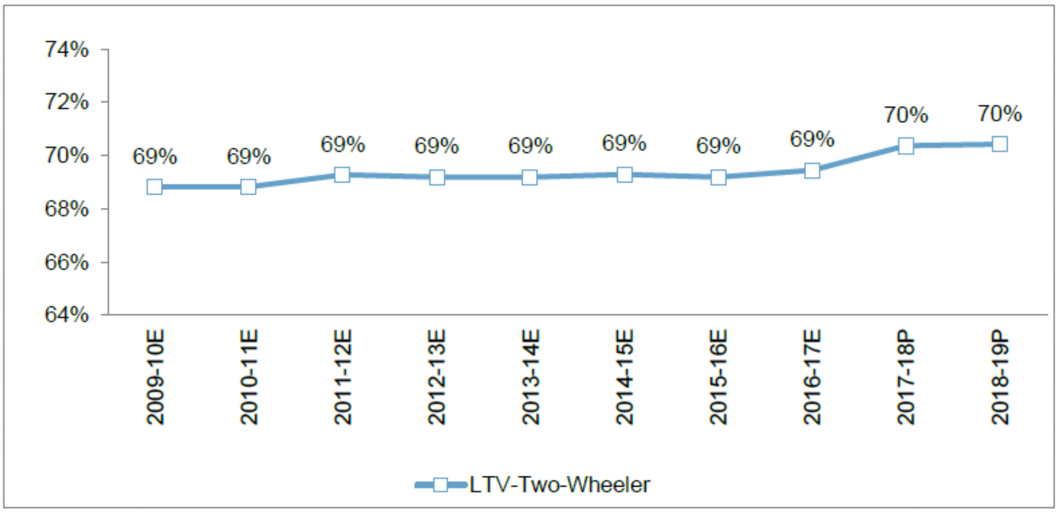
E: Estimated; P: Projected
Source: CRISIL Research

Improving credit quality and competition among financiers to boost LTV ratios

After dropping sharply to 67% in 2008-09, the LTV ratio on two-wheeler disbursements has risen only marginally over the past few years. Liberal credit underwriting norms adopted by financiers in the past had significantly deteriorated the asset quality in this segment. Subsequently, banks/financiers restricted the amount of loans disbursed and increased credit checks, checking the customers' track records, documentation and repayment capability, before sanctioning loans.

Over the past few years, competition from unorganised financiers and new entrants has intensified. The existing organised players will be forced to offer high LTVs to maintain their competitiveness. Also, the availability of customer information through credit bureaus will help these players in identifying high-risk borrowers and easing the asset quality concerns to some extent.

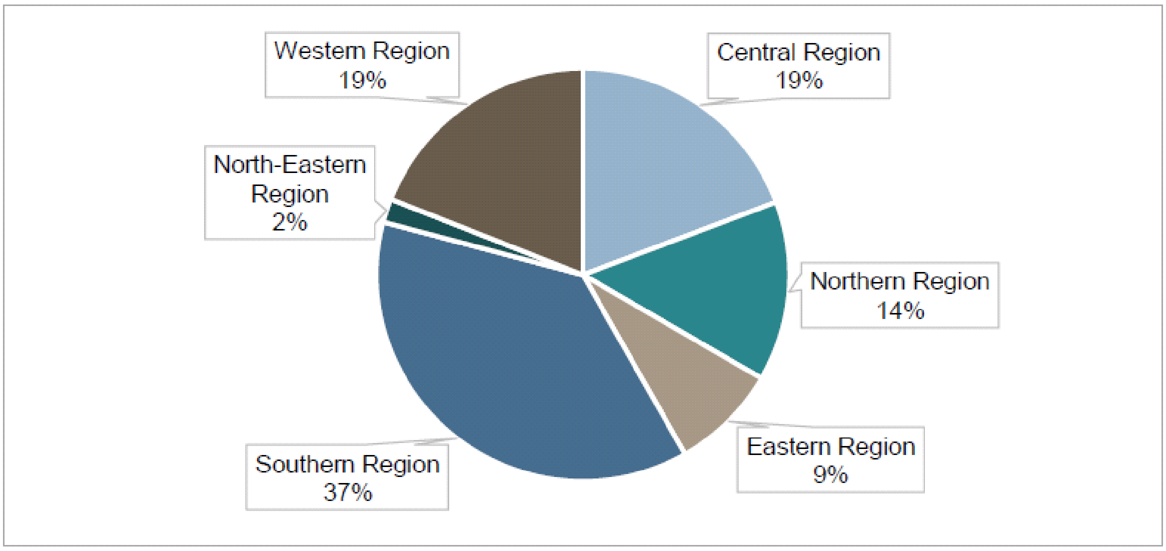
LTVs to continue to increase



South dominates the two-wheeler loan disbursements market

The two-wheeler finance market is dominated by the south, as it is highly penetrated and accounted for ~37% of disbursements in 2016-17. The western and central regions accounted equally for about 19% each.

Region-wise disbursements in the two-wheeler market (2016-17)



Profitability to be impacted by increasing credit costs

CRISIL Research expects the overall profitability of two-wheeler financiers to be impacted over the next two years, on account of higher credit costs due to increasing GNPAs and the RBI's mandate for early recognition of NPAs for NBFCs.

Credit costs to impact profitability

Overall (%)	Mar-2014E	Mar-2015E	Mar-2016E	Mar-2017E	Mar-2018P	Mar-2019P
Yield on funds	24.92	25.38	24.90	24.56	24.33	24.13
Cost of funds	8.95	8.55	8.04	7.59	7.35	7.15
Gross spread	15.97	16.83	16.85	16.97	16.99	16.99
Operating expense	5.99	5.92	6.00	6.11	6.12	6.10
Credit cost	2.17	2.54	2.93	3.74	4.16	4.14
Net profit margin	7.81	8.37	7.92	7.12	6.71	6.75

Note: E: Estimated; P: Projected; Profitability for industry
Source: CRISIL Research

Yields are expected to remain stable

Yields will decline further, but not significantly, as financiers are reluctant to pass on the entire benefit of the lower cost of funds to borrowers, because of deteriorating asset quality and continuing concerns over weak rural income growth. Also new players are providing ~3-4% payout to dealers, resulting in higher customer acquisition cost to them; subsequently, they are not able to reduce yields substantially.

Borrowings costs to decline further with the softening of interest rates in the system

Softening of interest rates in the system has led to a 30-40 bps (y-o-y) drop in the cost of funding for financiers in 2016-17. The cost of funding is expected to come down for financiers, as they are focusing more on the bond market for borrowing and MCLR for banks is on a declining trend.

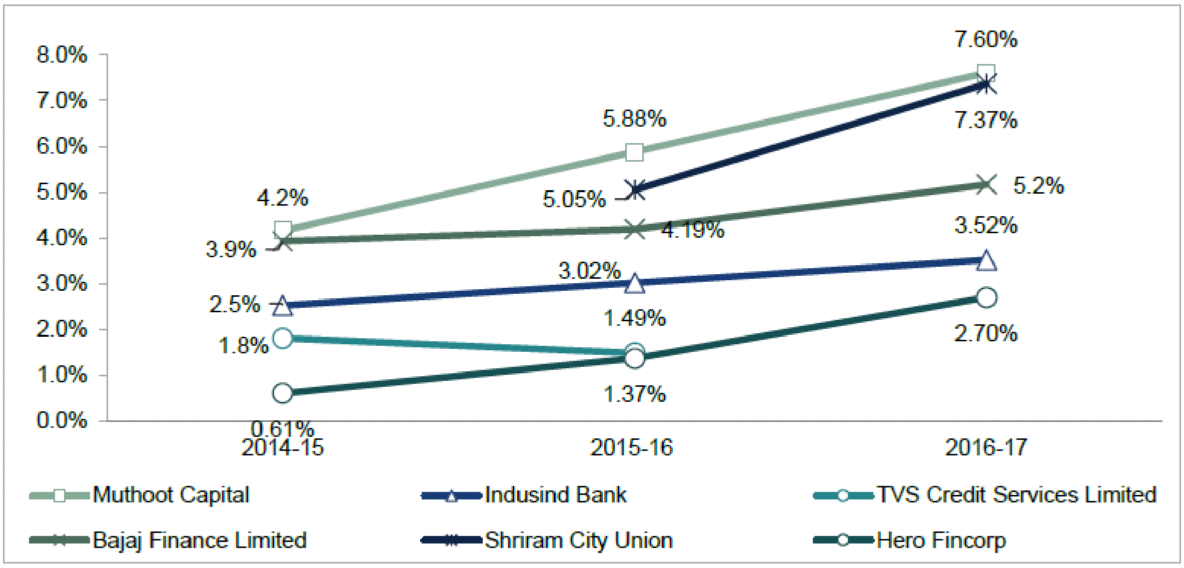
Better credit monitoring and availability of credit bureau data will help players reduce delinquencies and expand their customer base in the long term

Liberal credit-underwriting norms adopted by financiers in the past had significantly deteriorated the asset quality in this segment. Subsequently, banks/financiers have restricted the amount of loans disbursed and increased credit checks, by checking customer track-records, documentation and repayment capability before sanctioning loans.

NPAs of two-wheeler financiers

Credit costs are likely to go up

Credit costs are also high, as players, in a bid to increase sales, provide 'no income proof loans', which later result in delinquencies. Also, locating and repossessing vehicles is difficult, as customers can easily transfer them from one state to another. Credit costs are likely to go up, due to increasing GNPAs and the RBI's mandate for earlyrecognition of NPA for NBFCs.



Note: Indusind Bank's NPA numbers are for the two-wheeler portfolio. Muthoot Capital and Hero Fincorp NPA numbers are for auto finance portfolio
Source: CRISIL Research

NBFCs dominate two-wheeler financing market

Following the exit of major players, especially large banks, in 2008, NBFCs gained the share in the two-wheeler finance market. However, with HDFC bank's expansion, the share of private banks has risen to 30-35%. Unlike other segments, captive financing units have the highest share in the total two wheeler outstanding loan portfolio. Bajaj Finance, TVS Credit and Hero Fincorp are the large captive financiers. Besides, other NBFCs such as Shriram City Union, Fullerton, Muthoot Capital, Family Credit also finance two-wheeler purchases.

Category-wise market share of finance players

Category	Private Banks	Captive NBFCs	Other NBFCs
Share	30-35%	35-40%	28-32%
Key players	HDFC Bank	Bajaj Finance	Shriram City Union Finance
	IndusInd Bank	TVS Credit	Family Credit
		Hero Fincorp	Muthoot Capital
			Fullerton
			MAS Financial

CONSUMER DURABLE FINANCE

Consumer durables are products that do not have to be purchased frequently. Some examples of consumer durables are appliances, home and office furnishings, lawn and garden equipment, consumer electronics, toy makers, small tool manufacturers, sporting goods, photographic equipment, and jewellery.

Consumer durable financing schemes enable customers, especially those with lower income levels, to use future income streams to buy consumer products upfront and pay in instalments over a period. Consumer durables finance schemes are generally available at the dealer location (point of sale) or showroom. Apart from customers, such schemes also benefit other participants – lenders, manufacturers and retailers. Manufacturers benefit as it boosts sales and also helps increase consumer preference towards high-margin products. For retailers, it increases footfalls, whereas an increase in the customer base helps lenders to cross -sell loan products (personal loans, insurance, etc.) to consumers availing of loans for consumer durables.

Consumer durables purchased against loans from financial institutions (banks and non-banking financial companies) come under the gamut of consumer durable finance (CD finance). CD finance is essentially dealerpoint finance i.e. these loans are normally processed at the retail outlets or at the showroom. Many times, the dealer's ability to convince the customer at the point of decision-making is instrumental in making them opt for consumer durable loans.

During 2011-12 to 2016-17, loan disbursements for purchases of consumer durables grew at a CAGR of 32% to ₹ 460 billion. The industry's growth picked up in the last five years due to strong demand and thrust from almost all manufacturers of consumer durables.

Easy availability of credit driving consumer durable sales in urban areas

Domestic demand for household appliances and other consumer durables which includes colour televisions (CTVs), refrigerators, washing machines, air conditioners, laptops and mobile phones - recorded a healthy ~7% CAGR (in volume terms) during 2011-12 to 2016-17. Demand was largely driven by rising disposable incomes, increasing affordability, shorter replacement cycles, and low penetration levels (of products other than CTVs). Besides the above factors, easy availability of finance for purchases of consumer durables also aided sales growth. For instance, 0% interest and flexible duration schemes launched by many manufacturers have made high-quality household appliances affordable for many low and middle-income families. Major demand for these products came from the urban areas. The share of high-value products like premium smart phones (price > ₹ 5000) and air conditioners which currently account for more than 50% of total domestic sales, is expected to increase further by 2018-19.

Industry outlook

Consumer durables financing market size to cross Rs 700 billion by 2018-19

CRISIL Research expects consumer durables finance disbursements to record a CAGR of ~25% during 2016-17 to 2018-19, driven by a faster growth in sales of high-value products. While domestic household appliance sales are expected to grow by 11-14% over the next 2 years, sales of high-value products like air conditioners (AC), and smart phones are likely to grow by 15-18%. Overall demand for consumer durables finance is expected to grow during this period, as more consumers migrate towards superior quality and higher capacity products.

Currently, finance penetration for household appliances such as refrigerators and washing machine (WM) in India is low at 25-30%, whereas finance penetration in case of televisions (TV) and air conditioners (AC) is about 40% or higher. This is much lower than other durables like cars (77%) and utility vehicles (71%). Over the next two years, finance penetration will increase across product categories. Hence, we expect finance penetration for overall consumer durables to go up from 27% as of 2016-17 to 31-33% by 2018-19. However, growth in consumer durable loans depends on the manufacturers of these products, as this is a supply-push market where financing is facilitated by the manufacturer. If manufacturers reduce or stop subvention to financiers in order to protect their margins, it would negatively impact growth in disbursements.

Growth drivers

With higher disposable incomes, fall in prices of consumer durables and availability of finance for consumer durables, it has become more affordable for consumers to own high-end consumer durables. Many low and middle income families who earlier could not afford superior quality products are now finding it easier to satisfy their aspirations due to CD financing. New ways of selling consumer durable products have also supported growth in the CD finance industry. For example, presence of EMI schemes has helped prop up dealer sales by 2-4 percentage points. Zero down payment schemes are most popular amongst manufactures. Also, higher subventions are offered by manufacturers even for products with a small ticket size during the festive season as they increase spending to boost sales.

Key growth drivers for consumer durables finance industry

1. **Rapid urbanization**

   More people moving to urban areas has resulted in increase in spending power and rise in aspiration levels. India's average annual urban population growth rate has been double the overall population rate in the past two decades

2. **Subventions by manufacturers**

   Manufacturers continuing to provide subventions on durable products to boost sales will ultimately help the consumer durables finance industry

3. **Growing preference for high value products**

   Consumers are moving towards branded products and focusing on quality. Hence, the finance market is expected to see a surge in terms of value.

4. **Increase in product penetration**

   An increase in finance penetration by 400-800 bps across products with rising incomes and improving affordability

5. **Digitisation**

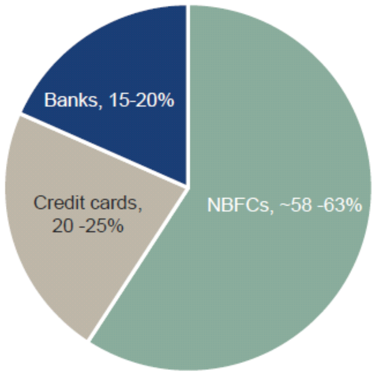
   Reduction in cash payments and thrust towards digitisation will make it easy for consumers to opt for financing directly without any hassles and thereby give an impetus to the consumer durables financing industry

6. **Entry of new players in the durables segment and expansion by existing players**

   Entry of many new players in the durables segment will keep competition high and manufacturers will try to push sales through easy finance schemes

Competition analysis - NBFCs have biggest share in total consumer durable disbursements

NBFCs account for over half of CD disbursements



Source: CRISIL Research, Industry

Non-banking finance companies have been dominating consumer durable disbursements as this largely involves point of sale financing; i.e. these loans are normally processed at the retail outlet or at the showroom. A customer would prefer to avail of EMI schemes while purchasing an appliance rather than going to a bank for a loan. The share of financing through credit cards is expected to increase gradually, as more EMI schemes are offered via credit cards.

BUSINESS

Overview

We are a deposit taking non banking financial company ("**NBFC-D**") registered with Reserve Bank of India since the year 1998 and are engaged in the business of providing consumer lending and wholesale lending to various individuals and small sized corporates. We are part of the Muthoot Pappachan Group. We have credit ratings of CRISIL (A-/Stable) for our long term debt portfolio and of CRISIL A1, for our short term debt portfolio, from CRISIL. Further, our public deposits have been assigned a (FA-/ Stable) rating by CRISIL.

Over the years, we have primarily focused on and have grown our vehicle finance business (mainly two wheeler loans) in a structured manner, through expansion of our network and with a dedicated team of experienced professionals. Our Company started its finance business in the year 2001, including by way of gold loans, vehicle finance, *etc*. However, two-wheeler financing has been the core business of our Company since the year 2008. We started our two-wheeler financing operations in Kerala and have expanded our operation to the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Goa, Maharashtra and Gujarat. Since the year 2015 we have also started our operations in the North and Eastern States of India. As at June 30, 2017, our Company operates its business in 16 States and one Union Territory in India.

Presently, our business has two verticals, namely, (a) Consumer Lending, and (b) Whole-sale Lending.

Consumer Lending

Our Consumer Lending segment, primarily, provides financing to self-employed individuals, salaried employees and housewives, which is generally backed by guarantors. It comprises:

- *Two-wheeler (motorcycle/ scooter) loans* – We extend financing for purchase of new two wheelers, primarily, in the rural and semi urban areas of the States and/or Union Territory in which we operate our business. As of June 30, 2017, the average ticket size of our loans is ₹ 0.05 million. We operate our two-wheeler financing business, (i) from the premises of vehicle dealers ("**Dealer Points**"), through our employees or marketing agents or outsourced employees or sub-dealers, and (ii) through the branch network of Muthoot Fincorp Limited ("**MFL**"), a company of the Muthoot Pappachan Group. As at June 30, 2017, (i) approximately 83.64% of our total two-wheeler financing business, in terms of our revenue, is sourced from Dealer Points, and (ii) approximately 16.36% of our total two-wheeler financing business, in terms of our revenue, is sourced from MFL branches. Additionally, our Company has entered into an arrangement with Muthoot Microfin Division ("**MM**"), a company of the MFL and involved in the micro finance business, for sourcing of two-wheeler loans, to the existing customers of MM. Presently, MM customers have been offered our loans in the states of Kerala and Tamil Nadu.

- *Top-up loans* – We also provide top-up financing facilities ("**Top-Up Loans**") to our existing customers. Top-Up Loans are additional financing in the form of personal loans provided to our existing customers who have a track record of timely repayment, towards the end of the tenure of their existing loans availed from us. Top-Up Loans can be availed for an amount of upto ₹ 0.04 million with an average tenure of 19 months. Top-Up Loans were added to our Consumer Lending segment in the year 2015 and we have been focusing on expanding this segment.

Within our Consumer Lending vertical, we primarily focus on the two-wheeler financing segment. As at June 30, 2017, our Company has approximately 3,600 activated Dealer Points. Further, as at June 30, 2017 our Company operates its two-wheeler business through approximately 3,500 MFL branches. Our Company has arrangements as the '*most preferred financer*' with certain large vehicle manufacturers for two-wheeler financing, as at June 30, 2017. Additionally, our Company was awarded "*Fastest Growing Two Wheeler Financier Company Pan-India*" and "*No. 1 Finance in Kerala*" by Honda Motorcycle and Scooter India Private Limited in the year 2017.

As at Fiscal 2017, our Consumer Lending segment AUM was ₹ 12,564.86 million, which represented 87.27 % of our total AUM, of which ₹ 12,472.94 million, was from two-wheeler finance and ₹ 19.15 million, which represented 0.13 % of our total AUM was from Top-Up Loans. Further, of our two-wheeler financing segment,

₹ 10,184.11 million, which represented 70.73 % of our total AUM was from Dealer Points, and ₹ 2,307.98 million, which represented 16.04 % of our total AUM was from MFL branches.

Whole-Sale Lending

Our Whole-Sale Lending segment provides corporate finance to, small sized corporates, including, NBFCs and entities that have association with the Muthoot Pappachan Group over a considerable period of time. We operate our Whole-Sale Lending business through, (i) direct customers from our Registered Office, or (ii) individuals and/or organizations who act as arrangers to us on a non-exclusive basis. We provide Whole-Sale Lending in a very selective manner and as a strategic product, primarily to increase our loan portfolio by offering financing to only such NBFCs and/or small corporates who have, provided funds to retail and SME segment, have experienced promoters and management, proven business model and sound financial and repayment track record.

As at Fiscal 2017, our Whole-sale Lending Segment AUM was ₹ 1,823.43 million, which represented 12.66 % of our total AUM.

For the Fiscals 2015, 2016 and 2017 our total AUM was, ₹ 8,458.27 million, ₹ 10,387.89 million and ₹ 14,397.63 million, respectively, representing CAGR of 30.47%. Further, for the Fiscals, 2015, 2016 and 2017, our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, and 6.16%, respectively, and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, and 4.85%, respectively.

Our Company's CRAR for the Fiscals 2015, 2016 and 2017, computed on the basis of applicable RBI requirements is set forth in the table below:

Particulars	**Fiscal**		
	2017	**2016**	**2015**
CRAR – Tier I capital (%)	13.61	13.73	15.40
CRAR – Tier II capital (%)	3.37	1.67	0.57
Total CRAR (%)	16.98	15.40	15.97

For the Fiscals 2015, 2016 and 2017, (i) our total revenue was, ₹ 1,912.86 million, ₹ 2,284.94 million and ₹ 2,842.00 million, respectively, representing a CAGR of 21.89% and (ii) our profit after tax was ₹ 222.92 million, ₹ 228.53 million and ₹ 300.92 million, respectively representing a CAGR of 16.19%.

As of June 30, 2017, we had more than approximately 450,000 customers and 2,022 full-time employees.

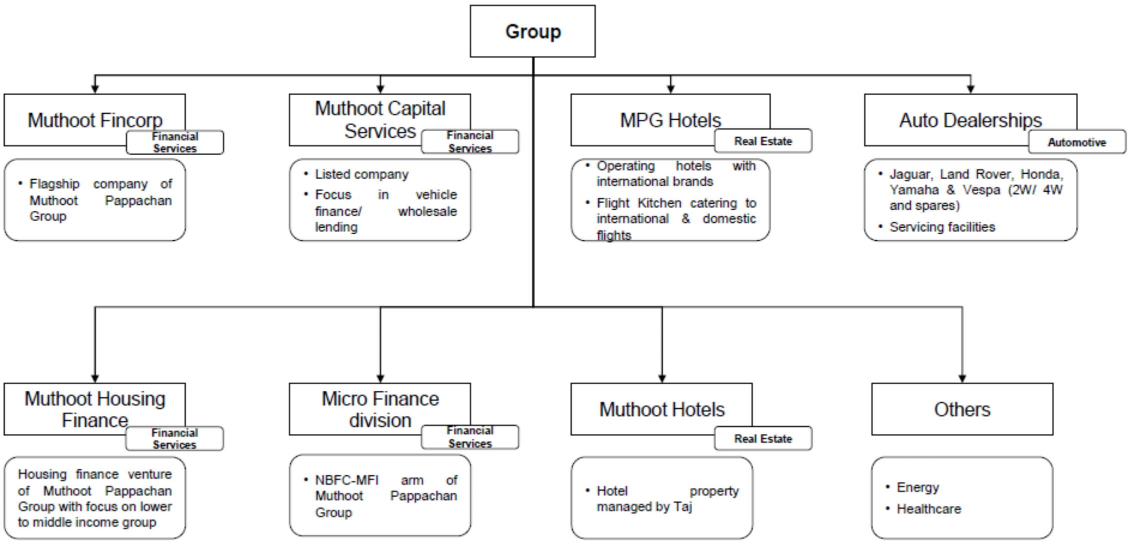
Further, we started collection of deposits since the year 2013. As at June 30, 2017, our deposit registers records an outstanding deposit of ₹ 1,053.50 million which constituted 9.56 % of our total borrowings.

History and Structure

We started our operations in the year 1994 as a public limited company engaged in the business of investments in the capital markets. However, for aligning with the business of the Muthoot Pappachan Group, our Company registered itself as an NBFC-D with the RBI in the year 1998. Our Company started its financing operations primarily with gold loans in the year 2001. Our Company started its financing operations in the year 2001 to finance the existing customers of the Muthoot Pappachan Group including by way of vehicle financing and gold loans. However, since the year 2008, our Company has been primarily focused on two-wheeler financing. Subsequently, between the years 2013 and 2014 our Company also diversified into, (i) collection of public deposits and subordinated debts and (ii) Whole-Sale Lending and Top-up Loans.

Our Equity Shares were listed, on BSE in the year 1995 pursuant to an initial public offering and on the NSE in the year 2015.

Our Company is part of the Muthoot Pappachan Group which has a history of around 130 years. The operations of the Muthoot Pappachan Group can be broadly divided into financial services and non-financial services. Stated below is the corporate structure of the group:



Our Strengths

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

1. ***The Muthoot Brand***

The Muthoot Pappachan Group was founded in the year 1887 with the vision '*to be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products*'. We believe that, on account of over 130 years old history of the Muthoot Pappachan Group, the brand "Muthoot" has emerged as a trusted brand in Kerala and other parts of South India and it continues to expand its presence in other parts of the country. For instance, we leverage the branch network of MFL, a company of the Muthoot Pappachan Group. Additionally, we intend to expand our business, through MM, which is a divison of MFL dealing in micro finance business with a customer base of over one million and with operations in 13 States as of June 30, 2017. We have entered into an arrangement with MM, for sourcing of two-wheeler loans from the customers of MM. Therefore, we benefit from the existing customer base and reputation of the Muthoot brand while expanding our operations to new states and regions, including by way of cross-selling of our products to such customers.

2. ***Robust financial performance***

We have continued to deliver strong financial performance. The following financial indicators demonstrate our growth over the years:

AUM: Our total AUM was ₹ 8,458.27 million, ₹ 10,387.89 million and ₹ 14,397.63 million for the Fiscals 2015, 2016 and 2017, respectively, representing a CAGR of 30.47% from Fiscal 2015 to Fiscal 2017.

Net interest income: For the Fiscals 2015, 2016 and 2017, our net interest income (total revenue less finance costs) was ₹ 1,145.16 million, ₹ 1,414.98 million and ₹ 1,802.54 million, respectively, representing a CAGR of 25.46 % from Fiscal 2015 to Fiscal 2017.

Profit after tax: For the Fiscals 2015, 2016 and 2017 our profit after tax for the year was ₹ 222.92 million, ₹ 228.53 million and ₹ 300.92 million, respectively, representing a CAGR of 16.19 % from Fiscal 2015 to Fiscal 2017.

Earnings Per Share: Our basic earnings per share for the Fiscals 2015, 2016 and 2017 was ₹ 17.87, ₹ 18.32 and ₹ 24.13, respectively, representing a CAGR of 16.20 % from the Fiscal 2015 to the Fiscal 2017.

ROAE: Our ROAE (also referred as return on average equity) for the Fiscals 2015, 2016 and 2017 was 17.70 %, 16.25 % and 18.47%, respectively.

ROAA: Our ROAA (return on average receivables under financing activity) for the Fiscals 2015, 2016 and 2017 was 2.90%, 2.43% and 2.68%, respectively.

Book Value Per Share: Our book value per share for the Fiscals 2015, 2016 and 2017 was ₹ 106.87, ₹ 118.57 and ₹ 142.70, respectively, representing a CAGR of 15.55% from Fiscal 2015 to Fiscal 2017.

Income Ratio: Our cost to income ratio for the Fiscals 2015, 2016 and 2017 was 82.14%, 84.49% and 83.75 %, respectively.

Net Interest Margin: Our net interest margin for the Fiscals 2015, 2016 and 2017 was 14.15%, 13.28% and 12.87%, respectively.

3. ***Focused business model and Customer Centric Products***

We have a focused lending business model, particularly two wheeler loans, which allows us to master the skill of understanding the specific customer need and solutions for the borrowers. We believe we are a customer centric organization and as of June 30, 2017, we service approximately 450,000 active loan accounts. We have developed strong relationships with our customer, including, through in-person contact by addressing their financial needs, by leveraging our knowledge of the local markets through brand 'Muthoot' and widespread network of MFL branches. As on June 30, 2017, our Company has approximately 3,600 activated Dealer Points through its employees/ marketing agents/ outsourced employees and sub dealers. Further, as of June 30, 2017 our Company operates its two-wheeler business through approximately 3,500 MFL branches. Therefore, our extensive network increases our interaction with customers and helps us understand their financing requirements. Accordingly, this enables us customize our products to meet their requirements. For instance, to meet any interim requirement of funds of our customers, we introduced top-up loans in the year 2015.

Interactions with our customers are primarily undertaken by our own employees and/or representatives for both sourcing and collection. As a part of our customer centric approach, we have undertaken the following steps:

- *Hire local personnels*: We primarily recruit employees locally or use employees from our manpower suppliers, which ensure better understanding of customer in that region and their requirement. In our experience, personal contact with customer in rural and semi-urban market results in high collection efficiency;

- *Establish relationships with vehicle manufacturers and dealers*: We benefit from our relationships with vehicle manufactures and dealers. Further, with certain manufacturers we enter into arrangements of 'most preferred financers' from time to time. As of June 30, 2017, our Company has such arrangements with certain large vehicle manufacturers for two-wheeler financing; and

- *Customer specific schemes*: We endeavor to create specific schemes for the benefit of individual customer based on their specific requirement.

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

All of our principle risks are assessed, identified and monitored through a team that is currently headed by our Credit and Operations Head. We continue to invest considerable time and efforts in developing customized credit assessment and operations processes. We believe we have a contemporary loan origination system, strict monitoring framework and systems to ensure high standards of on-boarding, credit quality and portfolio performance. We are in the process of implementing sophisticated analytics and automated credit scoring solutions for credit evaluation.

Our Company makes provisions based on norms and standards laid down by the RBI relating to the provisioning of delinquent loans. We create a provision as per RBI norms and standards in respect of all standard assets. For further details, see "*Management Discussion & Analysis of Financial Condition – Critical Accounting Policies – Provisions*" on page 69.

We believe that our credit and risk management policies have helped us maintain relatively low NPA levels. As at Fiscals 2015, 2016 and 2017, our gross NPAs as a percentage of our gross advances were 3.87%, 5.21%, and 6.16%, respectively, and our net NPAs as a percentage of our net advances were 3.28%, 4.37%, and 4.85%, respectively. Our NPA provisioning coverage ratio as at Fiscals 2015, 2016 and 2017 was 15.75%, 16.84%, and 22.40%, respectively.

5. ***Significant Presence in Rural and Semi-Urban Markets with Focus on Low and Middle Class Income Customers***

With the vision '*to be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products*', the Muthoot Pappachan Group has over 130 years of experience in operating in rural and semi-urban markets of India. As at June 30, 2017, our Company operates through, (i) approximately 3,600 activated Dealer Points, and (ii) approximately 3,500 MFL branches, majority of which, are located in rural and semi-urban markets.

We believe that we have successfully adopted a strategy of effective expansion across regions, which has enabled us to increase our customer base in 16 states and one Union Territory in which we operate. We believe, a large segment of India's rural and semi-urban population is currently unserved by formal financial institutions on account of being in unbanked regions. Over the years, we have focused on customers in such markets, particularly those without a credit history, that offer us significant growth opportunities and customer loyalty. We believe that our understanding of the local characteristics of these markets and customers has allowed us to address the unique needs of our low and middle income customers and assisted us to penetrate deeper into such markets. The reach of our network, through the MFL branches and Dealer Points allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees.

6. ***Experienced Management Teams and Qualified Operational Personnel***

We have an experienced management team, which is supported by a qualified, capable and motivated pool of managers and employees. Our Key Management Personnel have been with us for an average of nine years. Our management team and managers have diverse experience in area of financial products and functions related to our business and operations. Our managers have an in-depth understanding of the geographic regions, loan products and types of collateral and businesses of borrowers they cater. We focus on hiring individuals with experience, drive and commitment. We believe that the strength of our management team combined with our decentralized business model enables us to take advantage of strategic market opportunities, to make decisions at the local level quickly and serve our customers better.

7. ***Effective use of technology***

We make use of technology in our day to day operations to improve efficiency and reduce the manpower and turnaround time. We have mobile applications in place to capture the data of the customer at the Dealer Point which is fed into the loan origination software, the next steps for processing of the loans take place without any physical coordination.

We also have a customized platform for loan origination and credit underwriting, which allows our credit officers to generate scorecards to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors including an individual's internal credit rating, external credit rating (CIBIL), salary details and other asset details. With the help of this platform, our credit officers are provided with the data to approve/reject a loan within minutes. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

We also have a data analytics platform, which analyses customer information and helps us in originating new loan products, cross-selling our current loan products and determine eligible customers for new products floated by the Company.

The web portal provides facilities such as part-prepayment, foreclosure and payment of overdue instalments using internet banking.

Additionally, we have customer support call centers which provides the customers with required information and assistance.

We believe that our customer service initiatives coupled with the effective use of technology has helped us achieve recognition and secure both new and repeat business in our lending operations.

Our Strategy

In line with the vision of the Muthoot Pappachan Group, we aim to '*to be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products*' by continuing to pursue the following strategic actions:

1. ***Broad base our liabilities***

We plan to have a judicious mix of borrowings to achieve an optimal cost of funds while balancing liquidity and concentration risks. As at June 30, 2017, our total borrowings (long-term borrowings, short-term borrowings and current maturities of long-term borrowings) comprised 83.64 % through bank borrowings, 0.18 % through non-convertible debentures, and 4.91 % through subordinated (Tier II) redeemable non-convertible debentures), and 9.56 % through public deposits. As a part of our strategy to broad base our borrowings, we intend to increase the percentage share of public deposits as part of our total borrowings.

With a view to broad-base the borrowing and also to improve the capital adequacy ratio, our Company has started securitization transactions since the Fiscal 2017. As at June 30, 2017, our Company has undertaken securitization transactions amounting to ₹ 4,309.70 million, which we believe has and will continue to help Company generate additional funds at lower costs besides improving our capital adequacy ratio.

2. ***Grow our network and enhance brand presence***

We seek to leverage and enhance our brand to build our presence in the NBFC sector and develop new customer and industry relationships beyond our existing business lines over a period of time. We seek to build our brand by continuing to engage with existing and potential customers thorough customer literacy programs, sponsor popular events in the regions we operate and place advertisements in newspapers, on the radio and in other advertising media. As at June 30, 2017, we have a customer base of approximately 450,000. Therefore, we believe that we understand the requirements of Consumer Lending, more specifically in the rural and semi-urban markets and we intend to work towards providing additional tailored products and services in these markets by leveraging our knowledge and wide network.

As on June 30, 2017, our Company has operations in 16 States and one Union Territory, through approximately 3,600 activated Dealer Points and approximately 3,500 MFL branches. While historically most of our operations were focused in Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, Goa, Maharashtra and Gujarat, over the years we have expanded our operations in Punjab, Haryana, Delhi, Uttar Pradesh, Rajasthan, Madhya Pradesh, West Bengal and Orissa. In line with our contagious expansion plan, we propose to start our operations in other states and regions with existing operations of the Muthoot brand so as to establish a complete pan-India presence of our Company. For instance, we are presently operating in peripheral areas of Goa and Gujarat, therefore, we propose to penetrate further in these regions to establish our presence in major cities and interiors equally. Further, we intend to continue expanding our network of and manpower at Dealer Points and MFL branches to drive greater and deeper penetration in the regions in which we operate, focusing on low and middle income individuals and businesses that have limited or no access to formal banking and finance channels, spread across rural, semi-urban and urban markets. For instance, we propose to increase our manpower at various existing Dealer Points and aggressively pursue the MFL branches for higher volume of business sourcing from their new and existing operations. Additionally, we intend to increase our Dealer Points by tie-ups with new dealers in regions where we are currently operating.

3. ***Diversified retail product offerings***

We propose to offer a broader range of financing products and services as part of our operations. We intend to expand beyond our core existing business line of two-wheeler financing to offer products and services to meet the requirements of customers primarily in the semi-urban and rural markets, such as, financing of consumer durables, personal loans, financing of pre-owned car, *etc.* We believe that our experience in our current business lines will assist us in developing our business and introduce new products and services to meet the evolving needs of our customers. We intend to operate as a one-stop shop, delivering high quality products and services, along with a standardized customer experience across our network to a diversified customer base.

We believe that growth of our operations will provide support across our various existing product offerings and business verticals and enable us to serve our existing customers' liquidity and cash flow requirements more effectively. Further, our new product offerings would enable us to supplement our existing sources of liquidity. Our new product and service offerings combined with our existing offerings and infrastructure presents us with an opportunity to cross-sell a diverse range of financial products and services to our existing and potential customer base.

4. ***Focus on profitable growth and deliver a sustainable ROA and ROE in the medium term***

As at Fiscals 2017, our Consumer Lending segment AUM was ₹ 12,564.86 million, which represented 87.27% of our total AUM, of which ₹ 12,472.94 million, which represented 86.63 % of our total AUM, was from two-wheeler finance/ hypothecation loans and ₹ 19.15 million, which represented 0.13 % of our total AUM was from top-up loans. Further, our Consumer Lending segment AUM grew at a CAGR of 25.34% from Fiscal 2015 to Fiscal 2017. Additionally, our disbursements in the Consumer Lending segment grew from 138,832 loans amounting ₹ 5,924.53 million to 232,524 loans amounting ₹ 11,350.45 million from Fiscal 2015 to Fiscal 2017. Our live customer base in this segment grew from 288,282 to 419,620 from Fiscal 2015 to Fiscal 2017.

As at Fiscal 2017, our Whole-sale Lending segment AUM was ₹ 1,823.43 million, which represented 12.66 % of our total AUM. Our disbursements in the Whole-sale Lending grew from 44 loans amounting ₹ 563.91 million to 64 loans amounting ₹ 1,627.80 million from Fiscal 2015 to Fiscal 2017. Our live customer base in this segment grew from 24 to 56 from Fiscal 2015 to Fiscal 2017.

CRISIL Research expects the two-wheeler sales growth to be 11-13% CAGR in 2017-18 & 2018-19, up from 7% in the previous fiscal, supported by good crop output, pay commission rollouts and low base of 2016-17 (due to demonetisation and BS IV). The growth will also be supported by the expected 9-11% CAGR revival in motorcycle demand (which accounts for nearly 63% of total two-wheeler sales) and 18-20% CAGR growth in the scooters segment in 2017-18 and 2018-19, supported by aggressive model launches by players amid the shift in consumer preference to this category. Greater focus on the rural consumers, newer models with better fuel efficiency, and a wider distribution network in the semi-urban and rural areas will drive scooter sales. Also, financing penetration in scooters is lower than that of motorcycles, providing ample room for total loan disbursement growth. We propose to start our operations in other states and regions with existing operations of the Muthoot brand so as to establish a complete pan-India presence of our Company. Further, we intend to continue expanding our network of and manpower at Dealer Points and MFL branches to drive greater and deeper penetration in the regions in which we operate, focusing on low and middle income individuals and businesses that have limited or no access to formal banking and finance channels, spread across rural, semi-urban and urban markets. For instance, we propose to increase our manpower at various existing Dealer Points and aggressively pursue the MFL branches for higher volume of business sourcing from their new and exiting operations. Additionally, we intend to increase our Dealer Points by tie-ups with new dealers in regions where we are currently operating.

We intend to expand our business, through MM, which is a division of MFL dealing in micro finance business with a customer base of over one million and with operations in 13 States as of June 30, 2017. We have entered into an arrangement with MM, for sourcing of two-wheeler loans from the customers of MM. Therefore, we intend to leverage the existing network of MM to grow in the micro finance space without deploying any additional resources.

Further, in order to increase our AUM we intend to expand our product offerings and increase the loan portfolio of our Company. In the Consumer Lending segment, we intend to expand beyond our core existing business line of two-wheeler financing to offer products and services to meet the requirements of customers primarily in the semi-urban and rural markets, such as, financing of consumer durables, personal loans, financing of pre-owned car, *etc.* Additionally, we propose to expand our offerings and loan portfolio in the Whole-Sale Lending segment by leveraging our experience in the NBFC sector and financing the requirements of small sized NBFCs and corporates.

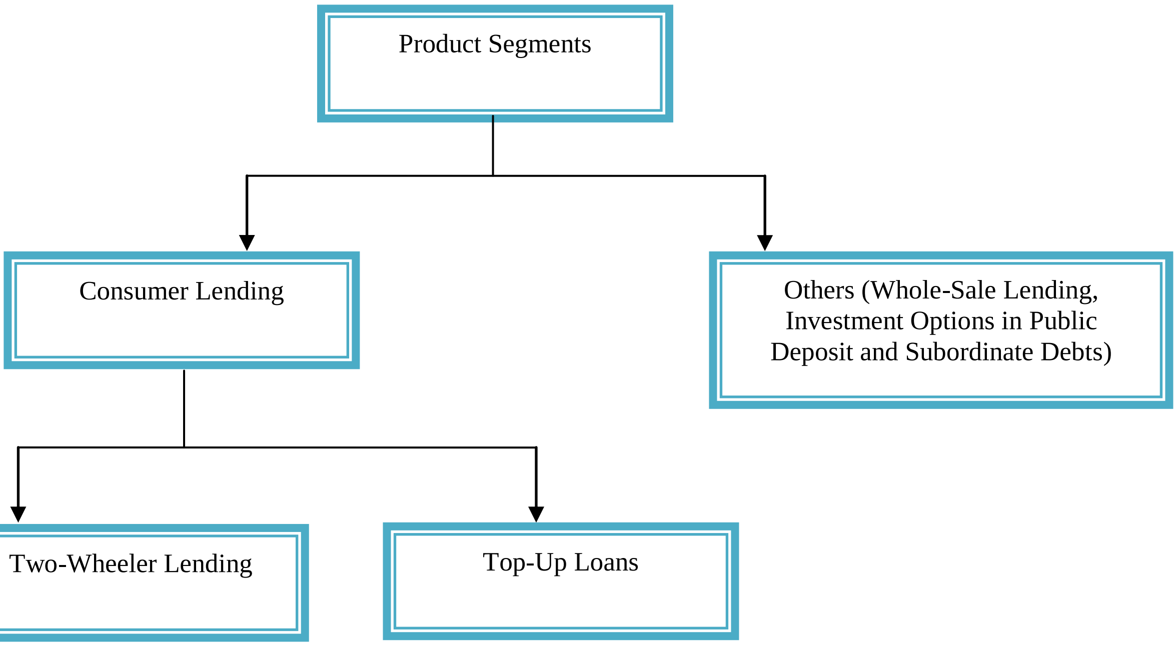
5. ***Improve productivity and reduce risks through the use of advanced technology and analytics***

We plan to continue to improve our productivity, reduce risks and improve our customer service through the use of technology and analytics. Presently, we have mobile applications in place to capture the data of the customer at the Dealer Point. Subsequently, based on such data which is fed into the loan origination software, the next steps for processing of the loans take place without physical coordination and thereby, minimizing human intervention.

Therefore, in order to maintain an efficient and quick system for processing of loan authorization and collection and to lower the risk we propose to implement and improve our technology and analytics systems in place. Additionally, we intend to train our employees in new technology and processes to increase their productivity and efficiencies.

Our Products

Our business has following verticals:



The table below sets forth the AUM of all our loan verticals as at Fiscals 2015, 2016 and 2017 and the three months ended June 30, 2017:

Vertical and Products	**AUM as at June 30, 2017 (in ₹ million)**	**% of Total AUM**	**AUM as at March 31, 2017 (in ₹ million)**	**% of total AUM**	**AUM as at March 31, 2016 (in ₹ million)**	**% of total AUM**	**AUM as at March 31, 2015 (in ₹ million)**	**% of total AUM**
Two-Wheeler loans/Other Hypothecation Loans	13,689.28	87.83	12,555.05	87.21	9,326.74	89.78	8,008.70	94.68
Top-up loans	38.00	0.24	19.15	0.13	7.89	0.08	1.01	0.01
Whole-Sale Loans	1,860.18	11.93	1,823.43	12.66	1,053.26	10.14	448.56	5.31
Total	**15,587.46**	**100.0**	**14,397.63**	**100.0**	**10,387.89**	**100.00**	**8,458.27**	**100.00**

Set forth below is a table showing product wise disbursement for the Fiscals 2015, 2016, 2017 and the three months ended June 30, 2017:

Products	Three months ended June 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Hypothecation Loan	3,405.58	11,350.45	7,800.31	5,924.53
Other	312.25	1,627.80	1,479.40	563.91
Total	3,717.83	12,978.25	9,279.71	6,488.44

Consumer Lending Segment

Our Consumer Lending segment comprises, Two-Wheeler loans and Top-Up loans, which are primarily, low ticket and high volume products. This segment includes certain loans issued by our Company against security like three-wheeler, for further details please refer section "Selected Statistical Information" on page 87.

We provide Two-Wheeler loans based on schemes which are determined based on the prevailing market conditions. Stated below are the key variables which we consider while formulating a scheme in line with the customer requirements:

(a) *Brand of the product*: Depending on, (i) our Company's comfort with a brand or a model of vehicle or (ii) based on specific request from a manufacturer or dealer, or (iii) based on customer preferences in a particular geography, our Company creates various schemes;

(b) *Interest rate and processing fee*: This is determined based on how the same has to be present to the customer. The overall factor that is considered in the total yield that would come to our Company on a particular loan/ through a particular scheme;

(c) *Loan to value that would be financed*: This is linked to the Company's evaluation of a product, the profile(s) of the target customers, the expected depreciation of the vehicle over a period of time, *etc*.;

(d) *Maximum value that would be financed*: This is determined based on the profile of the product and the target customer. The range of our loans typically vary depending on the expected resale value of the vehicle and the expected depreciation over a period of time and is generally linked to a percentage of the total value of the vehicle;

(e) *Tenure upto which the loan will be financed*: This is determined based on the profiles of the target customers. The normal tenure ranges from 12 months to 36 months, with an average of about 25 months. However, in certain cases, based on the profile of the customer, the tenure may be extended to 42 months to 48 months;

(f) *Documents needed*: This is based on the KYC required, the details needed to assess the profile of the target customers and requirements of credit appraisal and security required for the loan; and

(g) *Security that would be provided*: This is normally linked to the product and the credit policy.

In order to make our Consumer Lending products attractive, we have ensured that the login and the credit appraisal process is done instantly and the result of the appraisal communicated to the customer typically within an hour from the time the customer initiates the login in our system, subject to receipt of all requirements.

Two-wheeler (motorcycle/ scooter) loans/Hypothecation Loans

We extend financing for purchase of new two wheelers, primarily, in the rural and semi urban areas of the States and/or Union Territory in which we operate our business. We operate our two-wheeler financing business, (i) from the premises of our Dealer Points, through our employees or marketing agents or outsourced employees or sub-dealers, and (ii) through the branch network of MFL. As at June 30, 2017, (i) approximately 83.64% of our total two-wheeler financing business, in terms of our revenue, is sourced from Dealer Points, and (ii) approximately 16.36% of our total two-wheeler financing business, in terms of our revenue, is sourced from MFL branches. Additionally, our Company has entered into an arrangement with MM, for sourcing of two-wheeler loans, from the existing customers of MM. Presently, MM customers have been offered our loans in the states of Kerala and Tamil Nadu. The tenure of our two-wheeler loans typically range from about 12 months to 36 months with 25 months being the average tenure of such loans, approximately. Our two-wheeler loans are repayable in the form of equated monthly instalments ("**EMIs**") payable on due dates. While payment of cash at the MFL branches was a permitted option for loan repayment, post November 8, 2016, *i.e.*, demonetization in India all fresh loans have National Automated Clearing House ("**NACH**") as the mandatory repayment mode.

Top-up loans

We also provide top-up financing facilities ("**Top-Up Loans**") to our existing customers. Top-Up Loans are additional financing provided to our existing customers who have a track record of timely repayment, towards the end of the tenure of their existing loans availed from us. Top-Up Loans can be availed for an amount of upto ₹ 0.04 million with an average tenure of 19 months. In the event, our existing customers choose to avail a Top-Up Loan, final settlement of their existing facility with us takes place only upon repayment of the Top-Up Loan. Top-Up Loans were added to our Consumer Lending segment in the year 2015 and we have been focusing on expanding this segment

Whole-sale Lending Segment

Our Whole-Sale Lending segment provides corporate financing to, small sized corporates, including, NBFCs and entities that have association with the Muthoot Pappachan Group over a considerable period of time. We source our business under this segment through, (i) direct customers from our Registered Office, or (ii) individuals and/or organizations who act as arrangers to us on a non-exclusive basis. Our Whole-Sale loan We provide Whole-Sale lending in a very selective manner and as a strategic product, primarily to increase our loan portfolio by offering financing to only such NBFCs and/or small corporates who have funding from retail and SME segment, proven business model and sound financial and repayment track record. Since, our Whole-Sale Lending segment is at a lower yield, the cost of sourcing and collection is negligible and therefore the ROAA of this segment is marginally higher than the Consumer Lending segment, thereby improving our overall loan portfolio, revenue and profitability.

Public Deposit

Our public deposits are offered across various tenures with interest at fixed rates paid on a monthly, quarterly, half yearly annual intervals and compounding of interest over the tenure of the public deposit. This provides customers with the flexibility of placing deposits in tenures of their choice and receiving interest according to their fund requirement. Pre-mature withdrawals are permitted in accordance with applicable terms and conditions. Tenures range from one year to five years. Our public deposits have been assigned a (FA-/ Stable) rating by CRISIL. Our total Public Deposits as at Fiscals 2017, 2016 and 2015 were ₹ 1,151.80 million, ₹ 1,146.82 million and ₹ 1,135.75 million, respectively, which constituted 11.51 %, 12.83 % and 15.93 % of our borrowings, respectively.

Business Origination

Consumer Lending Segment:

Our Consumer Lending Segment which primarily comprises Two-Wheeler loans are sourced as Dealer Points, MFL Branches through employees or marketing agents or outsourced employees. Additionally, our Company has entered into an arrangement with MM, for sourcing of two-wheeler loans from the existing customers of MM.

Upon a customer finalizing the purchase of a Two-Wheeler, such customers are referred to our representatives, subsequent to which our representatives carry the process of initiating the documentation and loan approval process forward based on the requirements of the customer.

Whole-Sale Lending:

We source our business under the Whole-Sale Lending segment through, (i) direct customers from our Registered Office, or (ii) individuals and/or organizations who act as arrangers to us on a non-exclusive basis. Pursuant to receipt of information on a potential customer, we undertake a customary verification of the records of the such customer pursuant to which the approval process is initiated for the loan.

Credit Underwriting and Disbursal

Our credit underwriting and disbursal process is detailed below:

Our business sourcing is undertaken by the sales department of our Company through its counter sales executives ("**CSEs**"). The CSEs have a reporting matrix of executives, including, sales executives ("**SEs**"), business development manager ("**BDMs**") and regional managers. However, in regions where employing CSEs on the pay rolls of our Company are not seen as a viable option, we engage with marketing agents ("**MA**") on variable payment basis and also outsourced CSEs. Further, our Company employs business development executives ("**BDE**") to oversee the business that comes from the MFL branches. Our CSEs, including the ones on our Company's payrolls as well as the outsourced CSEs are employed on a salary and incentive model.

Upon finalizing a vehicle at one of our Dealer Points, he is directed by the representatives of such dealer to any of the financers at the Dealer Point, including the representatives of our Company. Subsequently, our representative explains the terms and conditions of our schemes to such customer, including, the documents required, EMI and the time period for sanctioning of the loan. In the event, the customer choose our scheme, the required details of such customer, including, his name, PAN, other identity proof, the address and details of pending loans, if any are fed into our mobile based application which is connected to our server. Subsequently, such details are captures by our loan originating system ("**LOS**"). However, for our loans sourced at the MFL branches, such data is captured into the LOS through a computer.

Thereafter, a log-in is generated for the customer by the CSE and the processing of the loan is handed over to our credit department thereon. The credit department undertakes the credit appraisal of the customers and determines the matrix to be adopted for the approval of the loans, including the requirement of any deviation from our standard policy, if required. Our credit department undertakes the credit appraisal of the customer through the CIBIL. In the event, the customer has a positive credit appraisal, such loan is sanctioned basis the scheme under which the loan has been applied for. However, if the customer's credit appraisal is negative or there has been a default by such customer for existing loans, the application is not processed further or is taken up for approval under the deviation matrix route. Further, if the details of the customer are not available on CIBIL, the verification of the KYC is undertaken through Trans Union. Pursuant to such verification, the loan is sanctioned or reject basis the matching of the data on Trans Union matches with the data provided by the customer. Further, if neither CIBIL nor Trans Union verification is viable, a field investigation is undertaken through an outsourced agency either through a site verification or tele verification.

Additionally, in areas where our Company operates through outsourced CSEs, the applications for loans are transferred to the branches of our Company for verification. The representatives of our operations team at the branches of our Company has undertake the task of the '*first checker*'. Pursuant to conclusion of such '*first checker*' verification, the loan applications are sent to the operations team at our Registered Office. The operations team reviews the verification undertaken and informs of any deficiency in the documentation sent by the outsourced CSEs/ the branches of our Company. Upon sanction of an application, the operations team processes such application to our finance team who undertakes the final verification and disburses the payment.

Collections/Defaults

The Company has a robust collection mechanism. The Company has both cash repayment customers and customers who repay through NACH/ECS. While payment of cash at the MFL branches was a permitted option for loan repayment, post demonetization all fresh loans have NACH as the mandatory repayment mode. We have developed a high volume collections capability with over 800 employees in the collection department and we have tie-ups with over 170 collection agencies across the country. On the respective due date of the loan, the repayment instrument submitted by the customer along with the completed loan application is banked.

As at June 30, 2017, 61 % of our live accounts were through the cash repayment mode and 39 % were through NACH mode. Further, the due-dates of our loans vary basis the mode of repayment, for instance, typically the due dates of the loans in cash repayment mode 5th/10th/15th of a month, whereas, the due-dates of loans repayable by way of the NACH mode is 5th/15th of a month.

For loans repayable through the cash mode, the customer has the option of walking into any of the MFL branches in the country and making the payment of the EMI, on or before the due date. Whereas, for loans repayable through the NACH mode, our Company, based on mandates linked to the customer's bank account, uploads all the due claims on the due date to be debited from the customer's account National Payment Corporation of India ("**NPCI**") and credited to the company account. Additionally, all loans, intimation is sent to the customer of the dues payable, payment options and requirement of funds, two days prior the due date.

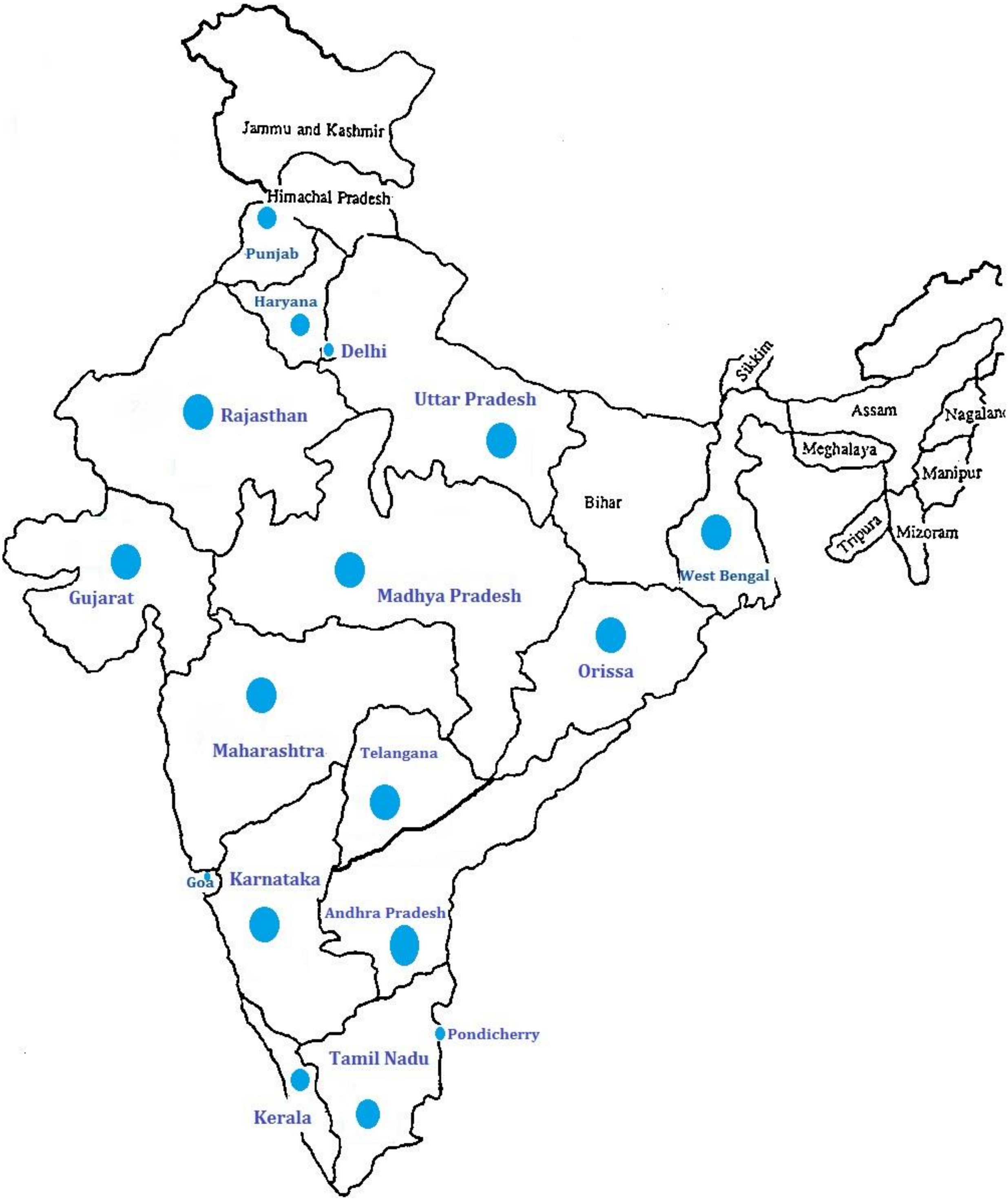
Further, our loan management system records any customer defaults. For instance, in cases the payment is not made within two to three days from the due-date, we follow-up with the customer first through the tele-caller services. Further, in the event a loan is not repaid within 60 days, the account is necessarily handed over to the collection agency. Our in house collections team works with external collection agencies for collection of overdue loans in our Consumer Lending vertical. In the event of continued default, we may initiate legal proceedings as necessary.

Distribution Network

Set forth below is a table showing our distribution network as at June 30, 2017:

Particulars	**As at June 30, 2017**
Number of Dealer Points activated at present	Approximately 3,600
Number of MFL branches (total numbers)	Approximately 3,500
Number of MM branches (total numbers)	411
Loan officers	1,496

Set forth below is a map of India that depicts our branch network as at June 30, 2017:



Marketing

Our new products and schemes are announced through advertisements in newspapers, pamphlets at various Dealer Points, radio/ TV advertisements, etc. The MFL branches also exhibit posters of the availability of the Two-Wheeler loans at its branches. Further, the dealers of our Company are permitted to exhibit their latest vehicle models at MFL branches.

Customer Service

As part of our customer service initiatives, we maintain five primary channels for service delivery:

- *Call center*: Our call center helps resolve customer complaints in real time. We also track and monitor our call flow pattern and performance;

- *Web portal*: Our customized web portal acts as a complete self-service tool and allows a customer to view all his loan details and related statements. The web portal includes facilities such as foreclosure, part prepayment and payment of overdue instalments using internet banking;

- *E-mail*: Customers can also contact us through a dedicated email channel; and

- *Customer service executives*: Each of our branches has a customer service executive to handle walk-in customers.

Treasury Operations and Funding

Our treasury operations are mainly focused on raising funds for meeting our funding requirements. Our funding requirements are primarily sourced through loans from Banks. We also raise unsecured debentures by way of subordinated debt instruments and through public deposits. Based on requirements the Company also raises funds through Loan from Directors. In the last one year the Company has raised funds through the Securitisation of its loan book pool.

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

The following chart sets forth the maturity pattern of the Company's liabilities and assets as at Fiscal 2017:

Particulars	**Up to three months**	**Over three months to one year**	**Over one year to five years**	**> Five Years**	**Total**
	(₹ million, except percentages)				
Break up of outflows					
Shareholders' funds	-	-	-	1,779.85	1,779.85
Borrowings from banks	1,247.69	6,758.83	151.13	-	8,157.65
Deposits-(Sub debt, Debenture & Public Deposit)	231.10	435.56	860.83	171.35	1,698.84
Other liabilities	1,009.14	-	136.41	-	1,145.55
Total equity and liabilities	**2,487.93**	**7,194.39**	**1,148.37**	**1,951.20**	**12,781.89**
Break up of inflows					
Cash and bank balances	22.00	43.86	78.99	-	144.85
Investments	-	-	137.50	10.01	147.51
Advances-(Hypothecation Loan)	2,510.57	3,668.18	3,725.47	0.20	9,904.42
Other assets	739.71	639.30	1,206.10	-	2,585.11
Total assets	**3,272.28**	**4,351.34**	**5,148.06**	**10.21**	**12,781.89**
Liquidity gap – (inflow-outflow)	**784.35**	**(2,843.05)**	**3,999.69**	**(1,940.99)**	**-**
Cumulative gap – inflow	**784.35**	**(2,058.69)**	**1,940.99**	**-**	**-**
Liquidity gap as % of total equity and liabilities	**32.00%**	**(40.00%)**	**348.00%**	**(99.00%)**	**0.00%**

Credit Risk Management

We have a comprehensive credit policy that outlines our broad credit framework. Detailed credit standards for each business are provided in the relevant product programme documents. While assessing the credit risk of a customer, parameters such as income, work experience, profession, place of stay and credit history is considered. In certain cases, based on the Loan to Value ("**LTV**") given, there are cases for field investigations that is carried out by outsourced agencies. For Whole-Sale Lending, our credit committee member(s) also performs a site visit of the potential borrower before the loan is finally disbursed. Further, we have credit ratings of CRISIL (A-/Stable) for our long term debt portfolio and of CRISIL A1, for our short term debt portfolio, from CRISIL. Further, our public deposits have been assigned a (FA-/ Stable) rating by CRISIL.

We underwrite loans on the basis of LTV norms, credit policy and assessed cash flow capabilities of customers. We lay emphasis on regular credit bureau inputs, detailed credit analysis processes, reference checks and past credit behavior, among other factors, based on the products.

We have also implemented a management information system to monitor portfolios on a regular basis. We continuously align our credit policies at regular intervals and work closely with credit bureaus to help ensure optimum credit quality.

Operations Risk Management

To minimize operational risk, we have created processes for critical controls, such as, login through the mobile based application to minimize errors in the data communication process, automated process for credit appraisal, control on the data entry to process to ensure that any unapproved schemes are not logged into the system and no duplication entries, regular MISs to point out deficiencies that have cropped up, etc. We have established systems that automate loan approval and management. We have an in -house internal audit team, which conducts periodic audits for all the business and functions of the Company.

Technology

We have invested in technology to facilitate efficiency and ensure seamless business growth. We believe our IT systems have resulted in a better customer experience due to reduced turnaround time and minimal operational risks and human errors.

We have a customized platform for loan origination and credit underwriting, which allows our credit officers to generate scorecards to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors including an individual's internal credit rating, external credit rating (CIBIL), salary details and other asset details. With the help of this platform, our credit officers are provided the data to approve/reject a loan within minutes. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

For disbursement of loans, we use a commercially available customer acquisition system, which we have customized to enable disbursement of loans in three steps. We also use proprietary software to streamline our loan collection and loan management systems.

We have also invested in a campaign management tool, which is rule based and supports automated workflow solution for campaign generation, roll out and tracking.

In line with our customer centric approach, we have introduced internet and mobile based and cloud computing based solutions to enhance customer service.

Outsourcing

We outsource some of our operations to various third parties, including, (i) Ultimax, for supply of human resources for sales and processing, (ii) CAMS, for services in relation to NPCI-ACH Debit mandated collection, and (iii) PAMAC, for supply of infrastructure facilities and various third parties as collection agencies, who operate at their respective locations.

Insurance

We maintain a number of insurance policies to cover the different risks involved in the operation of our business. We maintain a directors' and officers' liability policy to cover certain liabilities that may be imposed on our directors and officers. For collections, we have Fidelity Insurance and Insurance for Money in Transit. We also maintain insurance policies covering Electronic Equipment, Burglary, Standard Fire and Special Peril and Machinery Breakdown. Our employees are covered under the Mediclaim policy. We also have policies to cover the repossessed vehicles kept at our yards.

Intellectual Property

Our Company is using the 'Muthoot' logo and trademark which is held and registered by certain of our Promoters, namely, Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot. However, as on date of this Placement Document there is no arrangement between the Company and such Promoters for using such logo and trademark. For details see, '*Risk Factors - Our Company does not currently own the trade mark to the Muthoot Capital Services Limited logo. Inability to use the logo, arising out of any dispute may adversely affect the goodwill, reputation and results of operations of our Company*' on page 42.

Human Resources

As at June 30, 2017, we had 2,022 full-time employees.

We have adopted the approach of building a culture of learning and execution. Our performance appraisal system helps to analyze the qualitative aspects of our business and managerial dimensions of our employees.

Competition

We face competition in all our lines of business. Some of our competitors may have greater financial, technical, marketing and other resources than those available to us. Our primary competitors are other NBFCs, public sector banks, private sector banks, etc. While we cannot always compete on interest rate with the competitors, the Company has looked at methods of better service to customers, quicker turnaround time for the customer while processing of loans, etc. as means to withstand competition.

Property

Our Company does not own any property. The registered and corporate office of our Company is located at 3rd Floor, Muthoot Towers, M G Road, Kochi 682 035 for which our Company has entered into a lease agreement with Mr. Thomas George Muthoot. For details, see "*Risk Factors*" on page 39.

Additionally, as at September 30, 2017 our Company operates from 31 the branches of our Company used for administrative purposes and 24 properties used as yards for storage of repossessed vehicles, across six States.

REGULATION AND POLICIES

The following description is a summary of the important laws, regulations and policies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely 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 Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations.

I. Key regulations applicable to our Company

The RBI Act, 1934 ("RBI Act")

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions as the RBI may, with the previous approval of the Central Government, and by notification in the Official Gazette, specify.

A company would be categorized as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and if its income from such financial assets is more than 50% of the gross income. The RBI by way of its press release dated April 8, 1999, had clarified that in order to identify a particular company as an NBFC, the RBI will consider both the assets and income pattern evidenced from the last audited balance sheet of the company to decide its principal business.

Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as a non banking financial institution. Registration of an NBFC is done pursuant to section 45-IA of the RBI Act. An NBFC is also required to have a minimum net owned fund of ₹ 2.5 million before applying for a certificate of registration.

Pursuant to Section 45-IC of the RBI Act every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Based on the type of liabilities incurred, NBFCs are categorized into, deposit accepting NBFCs ("**NBFCs-D**"), and non-deposit taking NBFCs ("**NBFCs–ND**"). Further, NBFCs-ND are categorised into systemically important and other non-deposit taking NBFCs, based on certain quantitative thresholds and the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) asset finance companies, (b) investment companies, (c) loan companies, (d) infrastructure finance companies, (e) systemically important core investment companies, (f) infrastructure debt funds, (g) NBFC - micro finance institutions, (h) NBFC – factors, (i) mortgage guarantee companies and (j) NBFC - non-operative financial holding companies.

Our Company was classified as a "Systemically Important, Non-Deposit Accepting Asset Finance Company" or "NBFC-ND-AFC" on August 3, 2010. An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

Since FY 2013- 2014, the Company started accepting public deposits.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act governs securitization of assets in India. Pursuant to notification of ministry of finance dated August 5, 2016, NBFCs with an asset size of more than ₹ 5000 million were named as eligible SARFAESI lenders. Our Company was named as an eligible lender pursuant to such notification.

The SARFAESI Act provides that any securitization or reconstruction company may acquire the assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such assets to the company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration, as per such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets.

Further, upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the securitization/reconstruction company. The SARFAESI Act also enables banks and notified financial institutions to enforce the underlying security of an NPA without court intervention. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

II. Key regulations applicable to our Company while operating as a deposit accepting non-banking finance company ("NBFC-D")

Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("2016 NBFC Master Directions") dated September 1, 2016.

The 2016 NBFC Master Directions set out the following guidelines governing such NBFCs-D:

1. Corporate Governance: All NBFCs-D are required to adhere to certain corporate governance norms including constitution of the following committees:

   a. Audit Committee: NBFCs-D are required to constitute an audit committee consisting of not less than three members of its board of directors;

   b. Nomination Committee: NBFCs-D are required to constitute a nomination committee to ensure 'fit and proper' status of proposed/ existing directors; and

   c. Risk Management Committee: NBFCs-D are required to constitute a risk management committee to manage the integrated risk beside the asset liability management committee.

2. Fit and proper criteria: NBFCs-D are required to, (a) ensure that a policy is put in place with the approval of board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis, in the format prescribed under the 2016 NBFC Master Directions, (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the 2016 NBFC Master Directions, (c) obtain a deed of covenant signed by directors, in the format prescribed under the 2016 NBFC Master Directions, and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the NBFCs-D that fit and proper criteria in selection of the directors has been followed;

3. Acquisition or transfer of control: NBFCs-D are required to obtain prior written permission of RBI for, (a) any takeover or acquisition of control, which may or may not result in change in

management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26 % or more of the paid up equity capital except for any shareholding going beyond 26% due to buyback of shares or reduction in capital where it has approval of a competent court, and (c) any change in the management of the NBFCs-D which results in change in more than 30 % of the directors, excluding independent directors;

4. Private Placement of non-convertible debentures ("**NCDs**"): NBFCs-D are required to put in place a board approved policy for resource planning which, inter alia, shall cover the planning horizon and the periodicity of private placement. Such issue would be governed by the guidelines on private placement of NCDs as prescribed under the 2016 NBFC Master Directions;

5. Prudential Norms: The key prudential norms as prescribed under the 2016 NBFC Master Directions are as below:

   a. Income Recognition: The income recognition is required to be based on recognized accounting principles. Income including interest, discount, hire charges, lease rentals or any other charges on NPA shall be recognized only when it is actually realized. Any such income recognized before the asset became non-performing and remaining unrealized are required to be reserved;

   b. Income from Investments:

      - Income from dividend on shares of corporate bodies and units of mutual fund is required to be taken into account on cash basis. Such income is required to be taken into account on accrual basis when such dividend has been declared by the corporate body in its AGM and the NBFC-ND-Sis' right to receive payment has been established;

      - Income from bonds and debentures of corporate bodies and from government securities or bonds is required to be taken into account on accrual basis, subject to the condition that the interest rates on these instruments are pre-determined and the interest is serviced regularly and not in arrears; and

      - Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by central government or state government is required to be taken into account on accrual basis;

   c. Policy on demand/ call loans: The board of directors of every NBFC-D granting or intending to grant demand or call loans shall frame a policy for the company and implement the same. Such policy shall, inter alia, include cut-off date for repayment, rate of interest and non renewal of loan unless the periodic review has shown satisfactory compliance with terms of sanction;

   d. Asset classification: Every NBFC-D is required to classify its lease/ hire purchase assets, loans and advances and other forms of credit into the following classes:

      (i) Standard assets: an asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;

      (ii) Sub-standard assets: subject to additional conditions mentioned in the 2016 NBFC Master Directions, an asset which has been classified as non-performing assets for a period not exceeding 18 months or an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after the commencement of operations, until the expiry of one year of satisfactory performance under such terms of agreement;

      (iii) Doubtful assets: a term loan or a lease asset or a hire purchase asset or any other asset which remains sub-standard asset for a period exceeding 18 months for the Financial Year 2016; exceeding 14 months for the Financial Year 2017 and exceeding 12 months for the Financial Year 2018;

(iv) Loss assets: means an asset which is not written-off and has been identified as loss assets by the NBFC-D or its internal or external auditor or by the RBI and an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower; and

(v) Non-Performing Assets: (a) an asset with overdue interest for a period of six months or more, (b) a term loan with, instalments or interest overdue for a period of six months or more, (c) a demand or call loan including interest thereon which has remained overdue for a period of six months or more from the date of such demand or call, (d) a bill which has remained overdue for a period of six months or more, (e) any interest on short term loans or advances namely, debt or income on receivables classified under 'other current assets', which has remained overdue for a period or six months or more, (f) any dues on account of sale of assets or services rendered or reimbursed of expenses incurred which has remained overdue for a period of six months or more, (g) subject to terms specified in the 2016 NBFC Master Directions any lease rental and hire purchase instalment which are overdue for a period of twelve months or more, or (h) subject to terms specified in the 2016 NBFC Master Directions, any outstanding balance under credit facilities or advances or loans, including accrued interest, if any, in relation to the same borrowed/ beneficiary if any of its credit facilities as specified herein have become non-performing assets. However, the period of 'six months or more' for points (a) to (f) in the paragraph, shall be 'five months or more' for the Financial Year 2016, 'four months or more' for the Financial Year 2017 and 'three months or more' for the Financial Year 2018 and thereafter.

Provisioning Requirement: NBFCs-D are required to, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided in the 2016 NBFC Master Directions; and

Every applicable NBFC shall make provision for standard assets at 0.25 % of the outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet; and

e. Loan against NBFCs own shares prohibited: NBFCs lending against the collateral of listed share are required to maintain a loan to value ratio of 50 % for loans granted against the collateral of shares.

6. Capital Requirements: NBFCs-D are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 % of its aggregate risk weighted assets on-balance sheet and of off-balance sheet items. The Tier I capital in respect of such NBFCs, at any point of time, shall not be less than ten % by Fiscal 2017. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 % or more of their financial assets) shall maintain a minimum Tier I capital of 12%.

7. Remuneration of Directors: NBFC-ND-SIs are required to disclose in their annual report all pecuniary relationship or transactions of the non-executive directors with our Company.

Fair Practice Code: NBFCs-D are required to comply with the fair practice code which, inter alia, includes communication to borrower in vernacular language or language understood by them, refraining from interfering with the affairs of the borrower except for the terms and conditions of the loan agreement and laying down appropriate grievance redressal mechanism within the organization.

Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016

The directions specify that the NBFC-D shall invest and continue to invest in India in unencumbered approved securities valued at the price not exceeding the current market price of such securities an amount which shall, at the close of business or any day, not be less than 15% of the public deposits outstanding at the close of business on the last working day of second preceding quarter, provided, howsoever that such Non-Banking Financial Companies shall be entitled to invest an amount equal to or in excess of ten percent of public deposits, in unencumbered approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank, Small Industries Development Bank of India (SIDBI) or National Bank for Agriculture and Rural Development (NABARD) or bonds issued by SIDBI or NABARD; and provided further that, the aggregate of the amount invested in unencumbered approved securities, term deposits and the bonds as aforesaid shall not be less than 15 % of public deposits.

The directions state that no non-banking financial company having Net Owned Fund (NOF) of twenty five lakh of rupees and above shall accept public deposit unless it has obtained minimum investment grade or other specified credit rating for public deposits from any one of the approved credit rating agencies at least once a year and a copy of the rating is sent to the Bank along with return on prudential norms; that no NBFC-D shall accept any public deposit which is repayable on demand; that no NBFC-D shall accept or renew any public deposit, unless such deposit is repayable after a period of twelve months but not later than sixty months from the date of acceptance or renewal thereof; and that no NBFC shall invite or accept or renew public deposit at a rate of interest exceeding twelve and half % per annum. Further, the NBFC-D is required to keep a register of the deposits.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016

The directions are applicable to NBFCs-D. These directions set out guidelines in relation to, inter alia, (i) classification of frauds; (ii) reporting of frauds to the RBI; and (iii) quarterly reporting of frauds. NBFCs-D are required to put in place a reporting system for recording frauds without any delay. NBFCs-D are also required to specifically nominate an official of the rank of the general manager or equivalent who will be responsible for submitting all the returns to RBI.

Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 ("KYC Directions")

KYC Directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the 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 KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The KYC Directions also prescribe detailed instructions in relation to, inter alia, the due diligence of customers, record management and reporting requirements to Financial Intelligence Unit – India.

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016

The direction lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-D.

Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, Competition Act, labour laws, various tax related legislations, SEBI Listing Regulations and other applicable statutes for its day-to-day operations.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum of Association and Articles of Association and in accordance with the requirements of applicable laws.

As per the Articles of Association, our Company is required to have at least three and not more than 12 Directors. As on date of this Placement Document, our Company has six Directors (including three Independent Directors).

The following table sets forth details regarding our Board of Directors as of the date of this Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
1.	**Mr. Thomas John Muthoot** **Address**: TC 4/1008, (1) Kawdiar, P.O. Trivandrum - 695 003, Kerala, India **Occupation**: Business **DIN**: 00011618 **Term**: Liable to retire by rotation (Reappointed on June 6, 2017) **Nationality**: Indian	55	Chairman & Non-Executive – Non Independent Director
2.	**Mr. Thomas George Muthoot** **Address**: Muthoot Towers, College Road, P.O. M G Road, Ernakulam - 682 035, Kerala, India **Occupation**: Business **DIN**: 00011552 **Term**: Not liable to retire by rotation (Reappointed from July 12, 2016 for a period of 5 years) **Nationality**: Indian	55	Managing Director
3.	**Mr. Thomas Muthoot** **Address**: Muthoot, 7/59 A, Near Kaniyampuzha Bridge, Cherukad, Eroor P.O., Ernakulam - 682 306, Kerala, India **Occupation**: Business **DIN**: 00082099 **Term**: Liable to retire by rotation (Reappointed on June 6, 2016) **Nationality**: Indian	51	Non-Executive - Non Independent Director
4.	**Mr. A.P. Kurian** **Address**: 9, Friendship, 23rd Road, TPS III, Bandra (W) Mumbai - 400 050, Maharashtra, India	84	Non-Executive - Independent Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	Occupation: Professional **DIN**: 00008022 **Term**: September 3, 2014 to September 2, 2019 **Nationality**: Indian		
5.	**Mr. R.K. Nair** **Address**: 25-167/Sivanevash Karekadu, Suchindaram - 629 704, Tamil Nadu, India **Occupation**: Professional **DIN**: 00631889 **Term**: September 3, 2014 to September 2, 2019 **Nationality**: Indian	78	Non-Executive - Independent Director
6.	**Ms. Radha Unni** **Address**: No-21/6, River View, 4th Main Road, Gandhi Nagar, Chennai - 600 020, Tamil Nadu, India **Occupation**: Professional **DIN**: 03242769 **Term**: September 3, 2014 to September 2, 2019 **Nationality**: Indian	68	Non-Executive - Independent Director

Biographies of the Directors

Mr. Thomas John Muthoot is our Chairman and a Non-Executive cum Non-Independent Director and has been associated with our Company since its incorporation. Mr. Muthoot holds a bachelor's degree in Commerce from the University of Kerala, and is an alumnus of the Harvard Business School, having completed his Owner/ President Management programme in the year 2014. He has experience of over 33 years in the finance sector.

Mr. Thomas George Muthoot is our Managing Director and has been associated with our Company since its incorporation. He holds a bachelor's degree in commerce from the University of Kerala. He has 33 years of experience in the non-banking financial sector. He currently focusses on the overall management of the affairs of our Company.

Mr. Thomas Muthoot is a Non-Executive and Non-Independent Director on our Board and has been associated with our Company since its incorporation. He holds Bachelor's degrees in law from the University of Kerala. He has approximately 29 years of experience. He is currently focused on the initiatives in microfinance sector of our Company and the Muthoot Pappachan Group.

Mr. A.P. Kurian is a Non-Executive and Independent Director on our Board and has been associated with our Company since the year 1994. He holds a Master's degree in Economics from the University of Kerala. He has approximately 55 years of experience. He has previously been the Executive Trustee at the Unit Trust of India and the Executive Chairman of the Association of Mutual Funds in India. Presently, he is also the director of Geojit Financial Services Limited, Muthoot Fincorp Limited, Granules India Limited, Geojit Credits Private Limited and Union Trustee Company Private Limited.

Mr. R.K. Nair is a Non-Executive and Independent Director on our Board and has been associated with our Company since the year 2008. He holds a master's degree in commerce from the University of Kerala and a bachelor's degree in law from the University of Mumbai. He is also a Fellow Member of the ICAI. He has approximately 45 years of experience. Previously, he was a Professor of Accountancy in the Mumbai University.

Ms. Radha Unni is a Non-Executive and Independent Director on our Board and has been associated with our Company since the year 2014. She holds a bachelor's degree in education from Annamalai University and a master's degree in arts from the University of Delhi. Ms. Unni is also a member of the Certified Associate of Indian Institute of Bankers. She has approximately 36 years of experience. Previously, she was the Chief General Manager at the State Bank of India in the Kerala Circle. Ms. Unni is presently a director at The Catholic Syrian Bank Limited, Nitta Gelatin India Limited, Sundaram BNP Paribas Home Finance Limited and Royal Sundaram General Insurance Company Limited.

Relationship with other Directors

Except for Mr. Thomas George Muthoot, Mr. Thomas John Muthoot and Mr. Thomas Muthoot who are related as brother, none of our Directors are related to each other.

Borrowing powers of our Board

Pursuant to the Shareholders' resolutions dated August 21, 2015, the borrowing powers of the Company were increased up to ₹ 20,000 million.

Interest of the Directors

Our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending the meetings of our Board and the separate meetings of Independent Directors. No sitting fees is payable to our Independent Directors for attending committee meetings of our Board besides the aforementioned. Our Executive Directors are interested to the extent of the remuneration payable to them by our Company. Further, our Directors may also be interested in our Company to the extent of reimbursement of expenses payable to them.

None of our Directors have any interest in any property acquired by our Company two years preceeding the date of this Placement Document or which is proposed to be acquired by our Company.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors do not have any interest in the business of our Company, other than as stated in "*Related Party Transactions*" on page 132 and to the extent of their shareholding in our Company, if any.

No loans have been availed by our Directors or the Key Management Personnel from our Company.

Except as stated in "*Related Party Transactions*" on page 132, none of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

Shareholding of Directors

The following table sets forth the Equity Shares held by the Directors as of September 30, 2017:

Name	Number of Equity Shares	Percent of total number of outstanding Equity Shares (in %)
Thomas George Muthoot	3,131,210	22.82
Thomas John Muthoot	3,136,094	22.86
Thomas Muthoot	3,076,624	22.42
A.P. Kurian	Nil	Nil
R.K. Nair	Nil	Nil
Radha Unni	Nil	Nil

Terms of appointment of the Executive Director

Except Mr. Thomas George Muthoot, our Company does not have any Executive Directors.

The following is a description of the terms of appointment of Mr. Thomas George Muthoot as the Managing Director of our Company:

a. *Period of Agreement with our Company*: Five years with effect from July 12, 2016, provided that the agreement may be terminated by either party by giving a notice of three months or salary in lieu thereof;

b. *Salary*: ₹ 18 million per annum, including perquisites;

c. *Perquisites*: (i) Benefits and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; (ii) reimbursement of expenditure or allowance in respect of maintenance, utilities such as gas, electricity, water, furnishings and house repairs; (iii) medical reimbursement for himself and his family; (iv) medical insurance for himself and his family; (v) leave on full pay; (vi) leave travel concession for himself and his family; (vii) personal accident insurance (viii) club fees, etc. and (ix) such other allowances, perquisites and benefits in accordance with the rules of our Company or as may be allowed by our Board from time to time, provided that the total perquisites shall be limited to ₹ 0.60 million per annum;

d. *Valuation of perquisites*: Perquisites/ allowances shall be valued as per Income-Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost;

e. *Minimum remuneration*: Where in any financial year, our Company has no profits or its profits are inadequate, the Managing Director shall be paid minimum remuneration by way of salary and perquisites as per the provisions of proviso to Section II (A), Part II of Schedule V, Companies Act, 2013;

f. *Computation of ceiling*: The following shall not be included in the computation of perquisites for the purposes of the ceiling: (i) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; (ii) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; (iii) encashment of leave at the end of the tenure; and

g. The terms and conditions of the appointment may be altered and varied from time to time by our Board as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director in accordance with the provisions of the Companies Act, 2013.

Payment or benefit to Directors of our Company

1. **Remuneration to Executive Directors:**

The following table sets forth the remuneration paid by our Company to Mr. Thomas George Muthoot, our only Executive Director, for three months ended June 30, 2017 and the Fiscals 2017, 2016, 2015:

Particulars				**₹ in million**
	Fiscal 2015	**Fiscal 2016**	**Fiscal 2017**	**Three months ended June 30, 2017**
Salaries, Perquisites and Incentives	15	15	17.4	4.35
PF Contribution	0.90	0.90	1.04	0.26
Reimbursement of Expenses	0.16	0.28	0.04	0.01

2. **Remuneration to Non - Executive Directors:**

The following table sets forth the sitting fees paid by our Company for three month period ended June 30, 2017 and Fiscals 2017, 2016, 2015:

Name of the Directors	**Sitting Fees (in ₹)**			
	Fiscal 2015	**Fiscal 2016**	**Fiscal 2017**	**Three months ended June 30, 2017**
A.P. Kurian	78,000**	75,000*	60,000	30,000
R.K. Nair	30,000	60,000*	60,000	15,000
Radha Unni	75,000#	90,000*	75,000	30,000

Name of the Directors	Sitting Fees (in ₹)			
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Three months ended June 30, 2017
Thomas John Muthoot	Nil	Nil	Nil	Nil
Thomas Muthoot	Nil	Nil	Nil	Nil

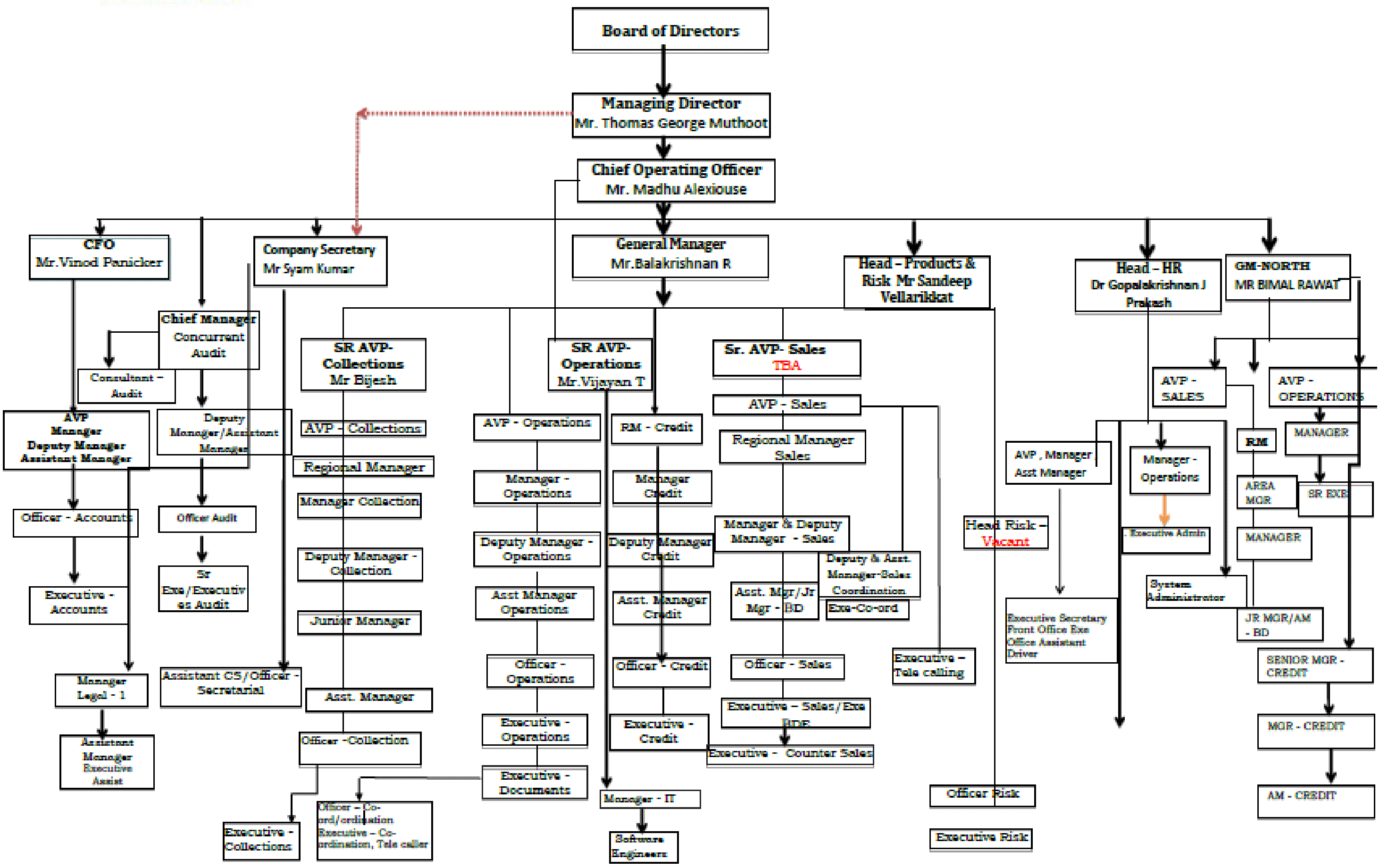
**The sitting fees include fees paid for separate meeting of independent directors held during the year. The Independent Directors were paid sitting fee of ₹ 15,000/- per board meeting.*

 # Appointed on 28th June, 2014. The sitting fees include fees paid for separate meeting of independent directors held during the year.

*** The sitting fees include fees paid for separate meeting of independent directors held during the year.*

Other than as disclosed above, our Company has not paid sitting fees to any of our other Non-Executive Directors.

Management organisation structure



Key Managerial Personnel

Other than the Managing Director of our Company, the following table sets forth details regarding our key managerial personnel as of the date of this Placement Document:

Sr. No.	Name	Age (years)	Designation
1.	Mr Syam Kumar R.	47	Company Secretary
2.	Mr. Vinodkumar M. Panicker	51	Chief Finance Officer

Biographies of the Key Managerial Personnel

Mr. Vinodkumar M. Panicker is the Chief Finance Officer of our Company and has been associated with us since the year 2013. Mr. Panicker holds a bachelor's degree in Commerce from the Bombay University. He is also an associate member of the ICAI. Mr. Panicker has over 30 years of experience in the finance sector. Prior to joining our Company, he was the Chief Finance Officer of Outlook Publishing India Private Limited and has been associated with Asianet Satellite Communications Limited, Mediaturf Worldwide (India) Private Limited, Coca-Cola India Limited, Cadbury Schweppes Beverages (India) Private Limited. He is currently focused on resource mobilization and treasury departments and overall financial management of our Company.

Mr. Syam Kumar R is the Company Secretary and Compliance Officer of our Company and has been associated with us Company since the year 2014. Mr. Kumar holds bachelor's degrees in Science and law from the University of Kerala, respectively. Further, he is a fellow member of the Institute of Company Secretaries of India. Mr. Kumar has over 20 years of experience in compliance and secretarial fields. Prior to joining our Company, he was the Company Secretary of the ELGI Equipments Limited. He is currently focused on compliance and governance functions of our Company.

Shareholding of Key Managerial Personnel

The following table sets forth the shareholding of our key managerial personnel as of the date of this Placement Document:

Name	Number of Equity Shares	Percent of total number of outstanding Equity Shares (in %)
Mr. Vinodkumar M. Panicker	1,100	0.01
Mr. Syam Kumar R.	Nil	Nil

Interest of Key Managerial Personnel

Except as disclosed above, the key management personnel of our Company do not have any interest in our Company other than to the extent of the remuneration, allowances perquisites or benefits to which they are entitled to as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business.

Corporate governance

Our Board presently consists of six Directors. In compliance with the requirements of the SEBI Listing Regulations, our Board of Directors comprises three independent Directors. Our Company is in compliance with the corporate governance requirements under Chapter IV of the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted the requisite committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations, as may be applicable.

The following table sets forth the mandatory committees constitutes by our Company and its members as of the date of this Placement Document:

Committee	Members
Audit Committee	Mr. A.P. Kurian (Chairman), Mr. Thomas Muthoot, Mr. R.K. Nair and Ms. Radha Unni.
Nomination and Remuneration Committee	Mr. A.P. Kurian (Chairman), Mr. R.K. Nair and Ms. Radha Unni
Stakeholders' Relationship Committee	Mr. Thomas Muthoot (Chairman), Mr. Thomas John Muthoot and Mr. Thomas George Muthoot
Risk Management Committee	Mr. Thomas George Muthoot (Chairman), Mr. Thomas Muthoot and Mr. R.K. Nair.
Corporate Social Responsibility Committee	Mr. Thomas Muthoot (Chairman), Mr. R.K Nair and Ms. Radha Unni

Apart from the above Committees, our Board has constituted certain additional committees, such as, (i) the Asset Liability Management Committee comprising Mr. Madhu Alexiouse (Chairman), Mr. R. Balakrishnan , Mr. Vinodkumar M. Panicker, Mr. Syam Kumar R., Mr. Vijayan T and Ms. Priya A. Menon as member for reviewing the asset liability mismatches and to report to the Board with respect thereto; (ii) the Resource Mobilisation Committee (earlier known as the Bank Finance Committee), comprising Mr. Thomas George

Muthoot (Chairman) and Mr. Thomas Muthoot, to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith; (iii) the Share Transfer Committee, comprising Mr. Thomas George Muthoot (Chairman), Mr. Thomas Muthoot, Mr. Madhu Alexiouse, to expedite transfer of physical shares of our Company,

Other confirmations

None of our Promoters, Directors or key managerial personnel have any financial or other material interest in the Issue.

Neither our Company nor any of our Promoters or Directors have been identified as willful defaulters, as defined under the SEBI ICDR Regulations, by any bank or financial institution or consortium thereof.

None of our Directors have been debarred from accessing capital markets under any order or direction made by SEBI.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals immediately preceding the date of this Placement Document, as per the requirements under Companies Act, 2013 and Accounting Standard 18 issued by the ICAI, please see "*Financial Statements*" on page 178.

Employee Stock Option Schemes

As on the date of this Placement Document, our Company does not have any employee stock option scheme.

Policy on Disclosures and Internal Procedure for prevention of Insider Trading

Regulation 9(1) of the Insider Trading Regulations, 2015 applies to us and our employees and requires us to implement a Code of Internal Procedures and Conduct for the Prevention of Insider Trading. Our Company is in compliance with the same and has implemented a Code of Conduct for Insider Trading for our employees. Mr. Syam Kumar R., acts as the Compliance Officer of our Company under the aforesaid Code of Conduct for the Prevention of Insider Trading.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table sets forth the shareholding pattern of the Company as on September 30, 2017:

Sr. No.	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialized Form	Total Shareholding as a % of total no. of Equity Shares		Equity Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Equity Shares	As a % of Total no. of Equity Shares
(A)	**Shareholding of Promoter**							
(1)	**Indian**							
a	Individual/Hindu Undivided Family	6	10,279,752	10,279,752	74.93	74.93	0	0
	Thomas John Muthoot		3,136,094	3,136,094	22.86	22.86	0	0
	Thomas George Muthoot		3,131,210	3,131,210	22.82	22.82	0	0
	Thomas Muthoot		3,076,624	3,076,624	22.42	22.42	0	0
	Preethi John		243,910	243,910	1.78	1.78	0	0
	Nina George		299,577	299,577	2.18	2.18	0	0
	Remmy Thomas		392,337	392,337	2.86	2.86	0	0
b	**Any Others (Specify)**	-	-	-	-	-	-	-
	Sub Total	6	10,279,752	10,279,752	74.93	74.93	0	0
(2)	**Foreign**							
	-	-	-	-	-		-	-
	Total shareholding of Promoter (A)	6	10,279,752	10,279,752	74.93	74.93	0	0
(B)	**Public Shareholding**							
(1)	**Institutions**							
	Mutual Funds/UTI							
	Alternative Investment Funds	1	3,282	3,282	0.02	0.02	0	0
	Foreign Portfolio Investors	4	70,153	70,153	0.51	0.51	0	0
	Financial Institutions/Banks	2	12,325	11,995	0.09	0.09	0	0
	Foreign Venture Capital Investors	-	-	-	-	-	-	-
	Provident Funds/Pension Funds	-	-	-	-	-	-	-
	Sub Total	7	85,760	85,430	0.62	0.62	0	0
(2)	**Central Government/State Government/President of India**	0	0	0	0	0	0	0
(2)	**Non-Institutions**							
	Domestic Bodies Corporate	140	325,103	317,513	2.37	2.37	0	0
	NBFCs registered with RBI	1	10	10	0.00	0.00	0	0
	Individuals							
	Individual share capital up to ₹0.2 million	8,204	1,878,460	1,494,806	13.69	13.69	0	0
	Individual share capital in excess of ₹0.2 million	25	1,090,730	1,010,100	7.95	7.95	0	0
	Any Others (Specify)							
	Clearing Members	73	23,761	23,761	0.17	0.17	0	0
	Trusts	1	22,550	22,550	0.16	0.16	0	0
	Limited Liability Partnership	4	13,707	13,707	0.10	0.10	0	0
	Overseas Corporate Bodies	-	-	-	-	-	-	-
	Foreign Corporate Bodies	-	-	-	-	-	-	-
	Foreign Nationals	-	-	-	-	-	-	-
	Sub Total	8,448	3,354,321	2,882,447	24.44	24.44	0	0
	Total Public shareholding (B)	**8,455**	**3,440,081**	**2,967,877**	**25.07**	**25.07**	**0**	**0**

Sr. No.	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialized Form	Total Shareholding as a % of total no. of Equity Shares		Equity Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Equity Shares	As a % of Total no. of Equity Shares
	Total (A)+(B)	**8,461**	**13,719,833**	**13,247,629**	**100.00**	**100.00**	**0**	**0**
(C)	**Non-Promoter - Non Public Shareholding**							
	Custodian/DR Holder	0	0	0	0	0	0	0
	Employee Benefit Trust	0	0	0	0	0	0	0
	Total Non-Promoter - Non Public Shareholding (C)	0	0	0	0	0	0	0

The following table sets forth the shareholding of the Promoters as at September 30, 2017:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total Shareholding as a % of total No. of Equity Shares
1.	Thomas John Muthoot	3,136,094	22.86
2.	Thomas George Muthoot	3,131,210	22.82
3.	Thomas Muthoot	3,076,624	22.42
4.	Preethi John	243,910	1.78
5.	Nina George	299,577	2.18
6.	Remmy Thomas	392,337	2.86
	Total	**10,279,752**	**74.93**

The following table sets forth the shareholding of persons belonging to the category "Public" and holding more than 1.00% of the total number of Equity Shares as at September 30, 2017:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total Shareholding as a % of total No. of Equity Shares
1.	Nil	-	-
	Total	**-**	**-**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of any changes from our Company or the Book Running Lead Manager. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules and regulations and approvals to acquire the Equity Shares. Our Company and the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Please see sections "Selling Restrictions" and "Transfer Restrictions" on page 147 and 154, respectively.

Qualified Institutions Placement

The Issue is being made to Eligible QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, by way of a QIP. Under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a listed company may issue equity shares to Eligible QIBs provided that certain conditions are met by our Company. Certain of these conditions are set out below:

a) the Shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify: (i) that the allotment of securities is proposed to be made pursuant to the QIP and (ii) the relevant date, as defined in the SEBI ICDR Regulations;
b) equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its Shareholders for convening the meeting to pass the above-mentioned special resolution;
c) the aggregate of the proposed issue and all previous qualified institutions placements made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the issuer as per the audited balance sheet of the previous financial year;
d) the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
e) the issuer shall have completed allotments with respect to any offer or invitation made by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;
f) the issuer shall offer to each Allottee such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;
g) the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
h) the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the Eligible QIB to whom the offer is made and is sent within 30 days of recording the names of such Eligible QIBs;
i) Prior to circulating the private placement offer letter, the issuer must prepare and record a list of Eligible QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe; and
j) the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited.

At least 10% of the Equity Shares issued to Eligible QIBs must be allotted to Mutual Funds, provided that, if this portion, or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be Allotted to other Eligible QIBs.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date. The Floor Price per

Equity Share is ₹ 628.98. Our Board through its resolution dated September 9, 2017 and the Shareholders through its resolution via postal ballot on October 15, 2017, has authorised the Board of Directors or a committee thereof to decide the quantum of discount up to 5.00% of the Floor Price at the time of determination of the Issue Price. Our Company has offered a discount of 3.81% on the Floor Price.

The “relevant date” in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and “stock exchange” means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

Securities must be allotted within 12 months from the date of the Shareholders’ resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the Bidders. For details of refund of application money, see the section “*Issue Procedure – Pricing and Allocation – Designated Date and Allotment of Equity Shares*”.

The Equity Shares issued pursuant to the QIP must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule XVIII of the SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the websites of the concerned Stock Exchanges and of our Company, with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

a) two, where the issue size is less than or equal to ₹ 2,500 million; and
b) five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50% of the issue size or less than ₹ 20,000 of face value of Equity Shares. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes “same group” or “common control”, please see sections “*Issue Procedure-Application Process-Application Form*” on page 140.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. Our Company has furnished a copy of the Preliminary Placement Document and shall file a copy of this Placement Document with the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorised and approved by the Board of Directors on September 9, 2017 and by the Shareholders of our Company by way of their special resolution via postal ballot on October 15, 2017.

Equity Shares allotted to Eligible QIBs pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, please see the sections titled “Selling Restrictions” and “Transfer Restrictions” on page 147 and 154, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

Our Company and the Book Running Lead Manager shall circulate serially numbered copies of the Preliminary Placement Document and this Placement Document and the serially numbered Application Form, either in electronic or physical form to the Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of Eligible QIBs to whom the serially numbered Preliminary Placement Document and this Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with RoC and SEBI within the time period, as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered, has been determined by the Book Running Lead Manager in consultation with our Company. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000, calculated at the face value of the Equity Shares.

Eligible QIBs may submit a duly filled Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Manager.

Eligible QIBs will be, *inter alia*, required to indicate the following in the Application Form:

a) full official name of the Eligible QIB to whom Equity Shares are to be Allotted;
b) number of Equity Shares Bid for;
c) price at which they are agreeable to subscribe for the Equity Shares, provided that Eligible QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price", which shall be any price as may be determined by our Company in consultation with the Book Running Lead Manager at or above the Floor Price or the Floor Price net of such discount, as approved in accordance with SEBI ICDR Regulations; The Floor Price for the Issue is ₹ 628.98;
d) details of the depository participant account to which the Equity Shares should be credited;
e) a representation that it was outside the United States at the time the offer of the Equity Shares was made to it, and is currently outside the United States and acquiring the Equity Shares in an offshore transaction under Regulation S and it has agreed to certain other representations set forth in the Application Form;
f) it has agreed to certain other representations set forth in the Application Form; and
g) SEBI registration number, if applicable.

NOTE: Each sub-account of an FPI other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual Eligible QIB and separate Application Forms would be required from each such sub-account for submitting Bids. FPIs or sub-accounts of FPIs are required to indicate SEBI FPI/ sub-account registration number in the Application Form. *The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

Once a duly filled Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

Upon receipt of a duly filled Application Form, after the Bid/Issue Closing Date, our Company has determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the Book Running Lead Manager. Upon determination of the final terms of the Equity Shares, the Book Running Lead Manager will send the serially numbered CAN along with the serially numbered Placement Document to Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIB. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Manager.**

Pursuant to receiving a CAN, each Eligible QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to the Escrow Account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIBs. No payment shall be made by Eligible QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Eligible QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Please see the section "*Issue Procedure - Bank Account for Payment of Application Money*" on page 143.

Upon receipt of the application monies from the Eligible QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the Eligible QIBs.

After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

Our Company will then apply for the final trading approvals from the Stock Exchanges.

The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

Upon receipt of intimation of final trading and listing approval from each of the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

Only Eligible QIBs as defined in Regulation 2(1)(zd) and Chapter VIII of the SEBI ICDR Regulations, and not otherwise excluded under Regulation 86 of the SEBI ICDR Regulations or other applicable regulations, can invest in the Issue.

Currently, under Regulation 2(1)(zd) and Chapter VIII of the SEBI ICDR Regulations, a QIB means:

1. a public financial institution as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);

2. a scheduled commercial bank;

3. a mutual fund registered with the SEBI;

4. Eligible FPIs;

5. a multilateral and bilateral development financial institution;

6. venture capital funds and AIFs registered with the SEBI;

7. a foreign venture capital investor registered with the SEBI;

8. a state industrial development corporation;

9. an insurance company registered with Insurance Regulatory and Development Authority of India;

10. a pension fund with minimum corpus of ₹250 million;

11. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and

12. an insurance fund set up and managed by the army, navy or air force of the Union of India; and

13. insurance funds set up and managed by the Department of Posts, India; and

14. a provident fund with minimum corpus of ₹250 million.

15. systemically important non-banking financial companies.

FPIs (other than a sub-account which is a foreign corporate or a foreign individual) are permitted to participate in the Issue through the Portfolio Investment Scheme and the Foreign Portfolio Investment Scheme, respectively, subject to compliance with all applicable laws and such that the shareholding of the FPIs does not exceed specified limits as prescribed under applicable laws in this regard.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. No single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) can hold 10% or more of our post Issue paid-up capital.

As on September 30, 2017, the aggregate FPI holding is 0.51% of our total paid up capital.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of the post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Regulations, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Shareholders.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment

Pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being, or any person related to, the Promoters. Eligible QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoters;

b) veto rights; or
c) a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the Book Running Lead Manager and any of their respective shareholders, directors, officers, counsel, advisors, representatives, agents or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not directly or indirectly result in triggering an open offer under the Takeover Regulations.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other Eligible QIBs.

Allotments made to FVCIs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including the extant RBI regulations.

Note: *Affiliates or associates of the Book Running Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Application Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on page 1, 3, 147 and 154, respectively:

1. it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and is not excluded under Regulation 86 of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or promoter group or persons related to the "Promoter" as defined in the SEBI ICDR Regulations;

3. it has no rights under a Shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the "Promoter" as defined in the SEBI ICDR Regulations;

4. It acknowledges that has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. it is eligible to Bid and hold Equity Shares so Allotted and its holding, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. its Bid would not directly or indirectly result in triggering an open offer under the Takeover Regulations;

8. it confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

9. to the best of its knowledge and belief together with other Eligible QIBs in the Issue that belongs to the same group or are under same control, the Allotment to it shall not exceed 50% of the Issue. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956;

   (b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations.

10. it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

11. it confirms that it has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" of this Preliminary Placement Document.

ELIGIBLE QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, E-MAIL ID, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, THE ELIGIBLE QIB SUBMITTING A BID, ALONG WITH THE BID CUM APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, ESCROW BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER CLOSURE OF THE ISSUE, THE ELIGIBLE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE PLACEMENT, WILL HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by an Eligible QIB shall be deemed a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Eligible QIB upon issuance of the CAN by our Company in favour of the Eligible QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Eligible QIB and the number of Equity Shares applied for. The Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name of the Book Running Lead Manager	Address	Contact Person	Email	Phone (Telephone and Fax)
Inga Capital Limited (*formerly known as Inga Capital Private Limited*)	Naman Midtown, 21st Floor, 'A' Wing Senapati Bapat Marg, Elphinstone (West) Mumbai - 400 013	Ms. Kavita Shah	kavita@ingacapital.com	Tel: +9122 4031 3489 Fax: +91 22 40313379

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form.

Permanent Account Number or PAN

Each Eligible QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

Eligible QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Book Running Lead Manager and such Bids cannot be withdrawn after the Bid/Issue Closing Date.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. Our Company may offer a discount of not more than 5% to the Floor Price in terms of Regulation 85(1) of the SEBI ICDR Regulations.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Manager as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, decide the Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for

Allotment of such Equity Shares in their respective names shall be notified to such Eligible QIBs. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Eligible QIB's account.

Eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened the "Muthoot Capital Services Limited – QIP – 2017 Escrow Account" with the Escrow Bank in terms of the arrangement among us, the Book Running Lead Manager and the Escrow Bank. Eligible QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the "Muthoot Capital Services Limited – QIP – 2017 Escrow Account" within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in "Muthoot Capital Services Limited – QIP – 2017 Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if we have not been able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Eligible QIBs, our Company and the Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at our sole and absolute discretion.

Payment Instructions

The payment of application money shall be made by the Eligible QIBs in the name of "Muthoot Capital Services Limited – QIP – 2017 Escrow Account" as per the payment instructions provided in the CAN.

Payments are to be made only through electronic fund transfer.

Note*: Payments other than through electronic transfer funds including through cheque are liable to be rejected at the sole discretion of the Book Running Lead Manager.*

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless Eligible QIBs pay the Issue Price to the "Muthoot Capital Services Limited – QIP – 2017 Escrow Account" as stated above.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company, at its sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the

Issue, no interest or penalty would be payable by us.

In relation to Eligible QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company after Allotment of Equity Shares to Eligible QIBs and receipt of the required the listing and trading approvals from the Stock Exchanges.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Eligible QIBs.

PLACEMENT

Placement Agreement

The Book Running Lead Manager has entered into a placement agreement with our Company ("**Placement Agreement**") dated November 6, 2017, pursuant to which the Book Running Lead Manager has agreed, subject to certain terms and conditions, to manage the Issue and act as placement agent in connection with the Issue and procure subscriptions for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis, Eligible QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the Companies Act, 2013, read with Rules thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Manager, and it is subject to certain conditions and termination in accordance with the terms contained therein.

The Preliminary Placement Document and this Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or outside of India to the public or any members of the public or any other class of investors, other than Eligible QIBs. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Applications shall be made to list the Equity Shares issued in the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Equity Shares have not been and will not be registered under the U.S Securities Act or any state securities laws in the United States and unless so registered may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S Securities Act and applicable U.S. state securities law. Accordingly, the Equity Shares are being offered and sold outside the United States in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the "*Selling Restrictions*" and "*Transfer Restrictions*" on page 147 and 154, respectively.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager or its affiliates may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase the Equity Shares or get Allotment for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For details, please see "*Offshore Derivative Instruments*" on page 8. From time to time, the Book Running Lead Manager, and its affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its affiliates and associates.

Lock-up

Our Company undertakes that it will not for a period of 180 days from the date of Allotment under the Placement Agreement, without the prior written consent of the Book Running Lead Manager, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. Provided that the foregoing restriction shall not apply to an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by the Company.

Our Company acknowledges that each Promoter has undertaken that it will not for a period of 180 days from the date of Allotment, without the prior written consent of the Book Running Lead Manager, directly or indirectly: (a) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. The Promoter lock-up undertaking shall be substantially in the form of as mentioned in the Placement Agreement and shall be delivered to the Book Running Lead Manager on or prior to the date of this Placement Agreement and shall be in full force and effect on the Closing Date.
Further, in accordance with Regulation 88 of the SEBI ICDR Regulations, our Company shall not make a subsequent QIP until expiry of six months from the date of this Issue.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

General

No action has been taken or will be taken that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required, except India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable laws, including the SEBI ICDR Regulations. Each subscriber of the Equity Shares offered by this Placement Document will be required to make, or be deemed to have made, as applicable, the representations, agreements and acknowledgements as described under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on page 1, 3, 147 and 154, respectively.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. This Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than to whom the offer is made. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India.

Australia

This Placement Document and the offer of Equity Shares are only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act 2001 (the "**Australian Corporations Act**") and has not been and will not be lodged or registered with the Australian Securities & Investments Commission or any other regulatory body or agency in Australia. This Placement Document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act; (ii) this Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Shares sold to the offeree within 12 months after their transfer to the offeree under this Placement Document.

Dubai International Financial Centre / United Arab Emirates

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Placement Document does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Book Running Lead Manager has represented and warranted that it has not made and will not make an offer to the public of any Equity Shares which are the subject of the issue of Equity Shares contemplated by this Placement Document in that Relevant Member State, except that the Equity Shares may be offered to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to any legal entity which is a qualified investor, as defined in the Prospectus Directive (as defined below);

2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive or supplement a prospectus pursuant to Article 16 at the Prospectus Directive), subject to obtaining the prior consent of the relevant Book Running Lead Manager nominated by the Company for any such offer; or

3. at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Company or any Book Running Lead Manager of a prospectus or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Book Running Lead Manager and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression "an offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2003/71/EC), and includes any relevant implementing measure in the Relevant Member State.

France

This Placement Document has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the French Code *monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des Marchés Financiers* (the "**AMF**") and, therefore, has not been approved by, registered or filed with the AMF and does not require a prospectus to be submitted for approval to the AMF. Consequently, the Book Running Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Equity Shares to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Placement Document or any other offering material relating to the Equity Shares and such offers, sales and distributions have been and will be made in France only to (i) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers)* and/or (ii) to qualified investors (*investisseurs qualifiés)* acting on their own account, as defined in, and in accordance with, Articles L.411-2, D.411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier. No re-transfer, directly or indirectly, of the Equity Shares in France, other than in compliance with applicable laws and regulations and in particular those relating to a public offering (which are, in particular, embodied in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 and seq. of the French Code *monétaire et financier)* shall be made.

Germany

This Placement Document has not been prepared in accordance with the requirements for a sales prospectus under the German Securities Prospectus Act (*Wertpapierprospektgesetz),* the German Sales Prospectus Act (*Verkaufsprospektgesetz),* or the German Investment Act (*Investmentgesetz).* Neither the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin)* nor any other German authority has been notified of the intention to distribute the Equity Shares in Germany. The Equity Shares may therefore not be distributed in the Federal Republic of Germany by way of public offering, public advertising or in a similar manner. The Equity Shares are being offered and sold in Germany only to (i) qualified investors in the meaning of Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, or (ii) a limited number of individualised, unqualified investors that are being preselected and specifically addressed. This Placement Document is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong

This Placement Document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under that SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) (the "**CWUMPO**") of Hong Kong or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) the Book Running Lead Manager has not issued or had in its possession for the purposes of the issue of Equity Shares whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Italy

The offering of the Equity Shares has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Lead Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Equity Shares or any copy of this Placement Document or any other offer document in the Republic of Italy ("**Italy**") except:

(a) to qualified investors (*investitori qualificati),* pursuant to Article 100 of Legislative Decree no. 58 of February 24, 1998 (the "Consolidated Financial Services Act" and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of May 14, 1999 (the "**CONSOB Regulation**"), all as amended; or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation;

(c) moreover, and subject to the foregoing, any offer, sale or delivery of the Equity Shares or distribution of copies of this Placement Document or any other document relating to the Equity Shares in Italy under (1) or (2) above must be:

    (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the "**Banking Act**"), CONSOB Regulation No. 16190 of October 29, 2007, all as amended;

    (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

    (iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

Any investor purchasing the Equity Shares in the Issue is solely responsible for ensuring that any offer or resale of the Equity Shares it purchased in the Issue occurs in compliance with applicable laws and regulations. This Placement Document and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") The Book Running Lead Manager have represented and agreed that they will not offer or sell any Equity Shares, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Kuwait

The issue of Equity Shares has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has the Company received authorization or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares, may be rendered within Kuwait by the Company or persons representing the Company.

Luxembourg

The Equity Shares offered in this Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of this Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without prior written consent of the Company, is prohibited.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase the Equity Shares is meant to qualify as an "excluded offer or excluded invitation" within the meaning of Section 38 of the Securities Commission Act, 1993. The Book Running Lead Manager has represented, warranted or agreed that the Equity Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or person specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

Qatar

This document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (i) neither this Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) neither the Company nor persons representing the Company are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (iii) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of

Qatar; and (iv) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Company nor persons representing the Company are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (i) the Equity Shares are offered or sold to a Sophisticated Investor; (ii) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (iii) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Placement or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Equity Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (b) to a relevant person as defined in Section 4A of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each of the following relevant persons specified in Section 275 of the SFA who has subscribed for or purchased shares, namely a person who is:

1. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 of the SFA except:

(a) to an institutional investor under Section 274 of the SFA or to a relevant person or to any person pursuant to Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) pursuant to Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

Spain

This Placement Document has not been registered with the Spanish Securities Market National Commission (*Comision Nacional del Mercado de Valores).* The Equity Shares may not be listed, offered or sold in Spain except in accordance with the requirements of the Spanish Security Market Act (*Ley 24/1988, de 28 de julio, del Mercado de Valores),* as amended, and as supplemented by Royal Decree 1310/2005 *(Real Decreto Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admission a negociación de valores en mercados secundarios oficilaes, de ofertas públicas or subscripción y del folleto exigible a tales efectos),* (the "**Royal Decree 1310/2005**"), and any other applicable provisions. The Equity Shares may not be listed, sold, offered or distributed to persons in Spain except in compliance with the above-mentioned provisions and, particularly, pursuant to Sections 26 to 38 to 41 of Royal Decree 1320/2005, as amended.

Switzerland

The Equity Shares may be offered in Switzerland on the basis of a private placement, not as a public offering. The Equity Shares will neither be listed on the six Swiss Exchange nor are they subject to Swiss law. This Placement Document does not constitute a prospectus within the meaning of Art. 1156 of the Swiss Federal Code of Obligations or Arts. 32 *et seq.* of the Listing Rules of the six Swiss Exchange, and does not comply with the Directive for Equity Shares of Foreign Borrowers of the Swiss Bankers Association. We will not apply for a listing of the Equity Shares on any Swiss stock exchange or other Swiss regulated market and this Placement Document may not comply with the information required under the relevant listing rules. The Equity Shares have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose, whatsoever.

The Netherlands

The Equity Shares are not and may not be offered in the Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 Dutch Financial Supervision Act (*Wet op het financieel toezicht)* (which incorporates the term "qualified investors" as used in the Prospectus Directive).

United Kingdom

The Book Running Lead Manager has represented, warranted and undertaken that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Equity Shares in circumstances in which section 21(1) of FSMA does not apply to the Company; and

2. it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales are made. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each subscriber of the Equity Shares offered by this Placement Document will be deemed to have made the representations, warranties, agreements, acknowledgements and undertakings set forth in "*Selling Restrictions*" and "*Transfer Restrictions*" on page 147 and 154, respectively.

TRANSFER RESTRICTIONS

In terms of Chapter VIII of the SEBI ICDR Regulations, resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares, and also see "*Issue Procedure*" on page 135.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

If you purchase the Equity Shares in the Issue, by accepting delivery of this Placement Document, submitting a bid to purchase the Equity Shares and accepting delivery of the Equity Shares, you will be deemed to have represented to and agreed with our Company and the Book Running Lead Manager as follows:

- you have received a copy of this Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning our Company or the Equity Shares and neither our Company nor any other person responsible for this document or any part of it or the Book Running Lead Manager will have any liability for any such other information or representation;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you will comply with all laws, regulations and restrictions (including the distribution and solicitation restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorisation required for you to purchase and accept delivery of the Equity Shares, and you acknowledge and agree that none of our Company, the Book Running Lead Manager or any of their respective affiliates shall have any responsibility in this regard;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

- you and the person, if any, for whose account or benefit you are acquiring the Equity Shares, were located outside the United States at the time the buy order for the Equity Shares was originated and continue to be located outside the United States and have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

- you are not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of our Company or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities or, if you are in such business, you did not acquire the Equity Shares from our Company or an affiliate (as defined in Rule 405 of the U.S. Securities Act) thereof in the initial distribution of the Equity Shares;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- you are aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in this Placement Document and that neither the BSE nor the NSE is a "designated offshore securities market" within the meaning of Regulation S;

- the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S; and

- you acknowledge that our Company, the Book Running Lead Manager and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, you will promptly notify our Company and the Book Running Lead Manager, and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

- you acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and warrant to our Company, the Book Running Lead Manager and their respective affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- you represent and warrant to our Company, the Book Running Lead Manager and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

- our Company, the Book Running Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Manager on their own behalf and on behalf of our Company, and (b) to our Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify our Company.

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Book Running Lead Manager or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to distribution;

- you have been provided access to this Placement Document which you have read in its entirety;

- you are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S;

- you agree to indemnify and hold our Company and the Book Running Lead Manager and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the Book Running Lead Manager and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares; and

- any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognised by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("**SCR (SECC) Rules**"), which regulates *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognized Indian stock exchange is regulated by the applicable laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognized stock exchange to, amongst other things, suspend trading of, or withdraw admission to dealings in, a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to our company receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule decisions by the governing body of the stock exchanges and withdraw recognition of a recognized stock exchange.

All listed companies are required to ensure a minimum public shareholding of 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under the Companies Act, 2013 and the SEBI Listing Regulations

Public limited companies are required under the Companies Act and the SEBI Listing Regulations to prepare, file with the registrar of companies and circulate to their Shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI and other applicable laws. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in Company's branch work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory open offer obligations for listed Indian companies are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**") which provide specific regulations in relation to substantial acquisitions of shares and control. The Takeover Regulations came into effect and replaced the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the "**Takeover Code 1997**"). Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of our company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. Since our Company is an Indian company, the provisions of the Takeover Regulations apply to our Company.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations, 2015 have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf of on behalf of any other person, in the securities of a listed company when in possession of unpublished price sensitive information.

The SEBI Insider Trading Regulations, 2015 also provide disclosure obligations for Promoters, employees and directors, with respect to their shareholding in our company, and the changes therein. The definition of "insider" includes any person who is a connected person or in possession of, or having access to, unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of certain provisions of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable laws, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹ 250,000,000 comprising of 25,000,000 Equity Shares. Prior to the Issue, the issued, subscribed and paid-up share capital of our Company is ₹ 137,198,330, comprising 13,719,833 Equity Shares. For details, please see "*Capital Structure*" on page 63.

Dividends

Under applicable laws, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the Shareholders at the AGM held each Fiscal. Under the Companies Act, 2013, unless the board of directors of a company recommends the payment of a dividend, the Shareholders at a general meeting have no power to declare a dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any Fiscal except (a) out of the profits of our company for that year after providing depreciation, calculated in accordance with the provisions of the Companies Act; or (b)out of the profits of our company for any previous Fiscal(s) arrived at as laid down by the Companies Act and remaining undistributed; or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by the Company in pursuance of a guarantee given by that Government .

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as per the latest audited balance sheet; (c) the amount so drawn shall be first utilized to set off the losses incurred in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as per the latest audited balance sheet of our company.

In terms of Section 124 of the Companies Act 2013, our Company shall credit such unclaimed dividends to the unpaid dividend account of our Company, and any money transferred to the unclaimed dividend account of our Company which remains unpaid and unclaimed for a period of seven years from the date they became due for payment, shall be transferred by our Company to the 'Investor Education and Protection Fund', established by the GoI, in accordance with Section 125 of the Companies Act 2013.

Capitalization of Profits

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act 2013 permits the board of directors of a company to issue fully paid up bonus shares to its members out of (a) the free reserves of our company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalize its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorized by articles, (b) it has been, on the recommendation of the board of directors, approved by the Shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of public deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues, (e) there are no partly paid shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to Shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its Shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act 2013 such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act 2013, new shares may be offered to any persons whether or not those persons include existing Shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our Company's Shareholders in a general meeting.

The Articles of Association authorise us to increase our authorised capital by issuing new shares consisting of equity and/or preference shares, as our Company may determine in a general meeting.

The Articles of Association provide that our Company, subject to compliance with requirements under the Companies Act and the rules thereto, or any other applicable law in force in the general meeting, from time to time, may reclassify, consolidate or sub-divide its share capital. The Articles of Association also provide that our Company may issue shares with differential rights as to dividend, the distribution of assets of the Company, winding up and voting or otherwise, subject to the compliance with requirements under the Companies Act and the rules thereto, or any other applicable law in force.

General Meetings of Shareholders

There are two types of general meetings of the Shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between one AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary or at the request of a Shareholder or Shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of our company and every director of our company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the Shareholders entitled to vote. Unless, the articles of association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to Shareholder meetings under the Companies Act have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each Shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. Voting is by a show of hands, unless a poll is ordered by the Chairman of the meeting The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A Shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the Shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of Shareholders in order to ascertain the identity of Shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of Shareholders is closed.

Liquidation Rights

The Articles of Association of our Company provide that if our Company is wound up, and the assets available for distribution among the members as such are insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. If in the winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid up, at the commencement of the winding up, or which ought to have been paid up on the shares held by them respectively.

If our Company is wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the members, in specie or kind, any part of the assets of our Company, and may, with the like sanction, vest any part of the assets of our Company in trustees upon such trusts for the benefit of the members, or any of them, as the liquidators, with the like sanction, shall think fit.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Date: 26th October, 2017

To,

The Board of Directors
Muthoot Capital Services Limited
3rd Floor, Muthoot Tower
M.G. Road Kochi - 682 035
Kerala

Inga Capital Private Limited
Naman Midtown, 21st Floor, 'A' Wing
Senapati Bapat Marg, Elphinstone (West)
Mumbai - 400 013

(the "**Book Running Lead Manager" or the "BRLM"**)

Re: Qualified institutions placement **(QIP)** of equity shares of Muthoot Capital Services Limited (the "**Company**") (the "**Equity Shares**") in reliance upon Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ("**ICDR Regulations**") and Section 42 of the Companies Act, 2013 (the "**Issue**")

Sub: Statement of Tax Benefits

Dear Sirs,

We, M/s Varma and Varma , the independent statutory auditors of the Company, hereby report the possible tax benefits available to the Company, under the Income Tax Act, 1961, as amended (the "**IT Act**"), and to the shareholders of the Company under the IT Act, presently in force in India, in the enclosed statement at **Annexure A**.

Several of these tax benefits/consequences are dependent on the Company or the shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

Annexure A is for your information and for inclusion in the Preliminary Placement Document and Placement Document, as amended or supplemented thereto or any other written material in connection with the proposed Issue and is neither designed nor intended to be a substitute for professional tax advice.

This certificate has been issued at the request of the Company for use in connection with the Issue and may accordingly be furnished as required to the Stock Exchanges or any other regulatory authorities as required.

The aforesaid information may be relied upon by the BRLM, legal counsels and other advisors or intermediaries appointed pursuant to the Issue and we undertake to immediately intimate the BRLM, legal counsels and other advisors or intermediaries in case of any changes to the above up to the date on which the Equity Shares to be issued pursuant to the Issue is admitted to listing and trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

For M/s Varma and Varma
Chartered Accountants
Firm Registration Number: 004532S

Name: Vijay Narayan Govind
Partner
Membership Number: 203094

ANNEXURE A

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND SHARE HOLDERS OF THE COMPANY UNDER THE INCOME TAX ACT

The information provided below sets out the possible tax benefits available to the shareholders 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 the Equity Shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of any shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultants and advisors with respect to the tax implications of an investment in the Equity Shares, particularly in view of certain recently enacted legislation which may not have a direct legal precedent or may have a different interpretation on the benefits which can be availed. All the tax benefits mentioned in this document are subject to the specific conditions mentioned in the respective section and / or the related rules or guidelines.

The law stated below is as per the Income Tax Act, 1961 as amended by the Finance (No. 2) Act, 2017.

LIMITATION

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its 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 the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Offer relying on the statement.

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

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The company being a Non- Banking Financial Company (NBFC), is eligible for a deduction under Section 36(1) (viia) of the Act in respect of any provision made for bad and doubtful debts, by an amount not exceeding 5% of total income (computed before making any deduction under this Clause and Chapter VIA).

B. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the company after fulfilling conditions as per the applicable provisions of the Act :

1. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under Section 10(15) as per conditions specified in the concerned notification.

2. Dividends from domestic companies earned by the Company are exempt from tax in accordance with and subject to the provisions of Section 10 (34) read with Section 115-O. However, as per Section 94(7), losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed as exempt. Also, no credit can be claimed in respect of the Dividend Distribution Tax paid by the Company**.**

3. Income earned by the Company from investment in units of mutual fund specified under Section 10(23D) or income received in respect of units from the administrator of the specified undertaking or income received in respect of units from the specified company is exempt from tax under Section 10(35), subject to conditions. However, as per Section 94(7), losses arising from the sale/ redemption of units purchased within three months prior to the record date (for

entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt. Under Section 94(8), losses arising from sale/ transfer of units of mutual funds, where such units are purchased within three months prior to the record date, additional units are allotted without payment based on holdings on such date and all or any units initially purchased are sold within nine months from the record date while continuing to hold all or any additional units, will be ignored for computing chargeable income. Such loss ignored will be considered as the cost of acquisition of the additional units held on the date of sale/transfer

4. Under Section 36(1)(xv), securities transaction tax paid by a taxpayer in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

5. As per the provisions of Section 35 of the Act, any sum paid by the company to an approved research association which has its main object to undertake scientific research or to an approved university, college or other institution to be used for scientific research, would be eligible for weighted deduction to the extent of 150% of the sum so paid under section 35(i)(ii) of the Act, while computing the taxable income. The said deduction shall be equal to 100% of the amount so paid from FY 2020-21 onwards.

6. Any sum paid by the company, to an approved and notified research association having its main object to undertake research in social science or statistical research or to an approved and notified university, college or other institution for use in research on social science or statistical research, and fulfilling conditions as may be prescribed, shall be eligible for deduction under section 35(1)(iii) of the Act while computing taxable income.

7. Section 35(2AA) of the Act provides that the Company shall be eligible for a weighted deduction of 150% in respect of any sum paid to a specified National Laboratory or a University or an Indian Institute of Technology or person approved by the prescribed authority with a specific direction that the such sum shall be used for approved scientific research programme., while computing its taxable income. The said deduction shall be equal to 100% of the amount so paid from FY 2020-21 onwards.

8. As per Section 35CCC of the Act, any expenditure incurred by a company on agricultural extension project notified by Board shall be eligible for a weighted deduction to the extent of 150% of such expenditure while computing taxable income in accordance with the guidelines as may be prescribed. The said deduction for the same has been restricted to 100% from FY 2020-21 onwards.

9. As per Section 35CCD of the Act, any expenditure (other than cost of land and building) incurred by a company on any skill development project notified by the Board shall be eligible for a weighted deduction to the extent of 150% of such expenditure while computing taxable income in accordance with the guidelines as may be prescribed. The said deduction under Section 35CCD of the Act has been restricted to 100% from FY 2020-21 onwards.

10. As per Section 35D of the Act, the company will be entitled for deduction of specified preliminary expenditure(i.e preparation of preliminary feasibility / project reports, conducting market survey, legal charges etc), incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up of a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences / undertaking is extended / new unit is set up. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case may be.

11. As per the provisions of Section 35DDA, the company will be eligible for deduction of any expenditure incurred on voluntary retirement of its employees subject to the satisfaction of prescribed conditions under Section 35DDA of the Act. Such expenditure will be allowed as deduction in five equal instalments from the year in which such expenditure has been incurred.

12. Under Section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts of the Company is allowable as a deduction for computing the income under the head “Profit and gains of business or profession”. However, such allowance is to be reduced to the extent of provision for bad and doubtful debts already allowed as deduction under 36(1)(viia) of the Act.

13. As per the provisions of Section 80JJAA of the Act, incentive deduction amounting to 30% of additional employee cost incurred in a year is allowable for a period of 3 consecutive years, subject to the satisfaction of prescribed conditions under section 80JJAA of the Act while computing income of the Company.

14. A deduction equal to 100% or 50% , as the case may be , on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the company . A deduction amounting to 100% of any sum contributed to a political party or an electoral trust , otherwise than by way of cash , is allowable under section 80GGB of the Act while computing total income of the company

15. Section 71 of the Act provides for set-off of business loss (other than speculative loss) , if any , arising during previous year against the income under any other head of income . Balance business loss , if any , can be carried forward and set-off against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act . Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

16. Under Section 74, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for upto eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years’ short-term as well as long term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for upto eight years for claiming set-off against subsequent years’ long-term capital gains.

17. Where the tax liability of the company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments , the company would be liable to pay MAT at an effective rate of 18.5% (applicable surcharge and cess) of the book profits . MAT paid shall however be available as credit against normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set off up to 15 subsequent consecutive assessment years

C. TO THE RESIDENT SHAREHOLDERS OF THE COMPANY

C.1. To Resident Shareholders

1. Dividends earned on shares of the Company are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act subject to provisions of section 115BBDA, as per which dividend paid by a domestic company exceeding ten lakh rupees is taxable at the rate of ten % for certain specified assessees. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed as exempt.

2. The gains/losses, arising from sale of shares will assume the character of Capital Gains or Business Income depending on the nature of holding in the hands of the shareholder and various other factors. Taxability of income on regular trading of securities will depend on facts and circumstances of each case

3. Long term capital gain, as defined under section 2(29B) of the Act, arising on sale of Company's share is fully exempt from tax in accordance with the provision of section 10(38) of the Act where the sale is made on a recognized stock exchange and transaction of sale is chargeable to securities transaction tax. The above exemption shall not be available in case the transaction of acquisition of Company shares is not chargeable to securities transaction tax. However, such income by way of Long Term Capital gain shall be taken into account in computing the Book Profit and Income tax payable under Section 115JB.

4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure.

5. Under section 36(1) (xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head profits and gains of business or profession.

6. Under Section 54EC and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38)) arising on transfer of Company's shares would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets redeemable after three years) issued on or after April 1, 2007 by:

   (a) National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988; or
   (b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
   (c) or any other bond notified by the Central Government in this behalf.

   The investment in the long term specified assets is eligible for such deduction to the extent of Rs.5 million. Such investment during the financial year in which the shares are transferred and in the subsequent financial year cannot exceed Rs.5 million. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain, However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

   However in case of companies, such exempt capital gains cannot be reduced from "book profits" under Section 115JB and the company will be required to pay Minimum Alternate Tax at 18.5 (plus applicable surcharge and education cess) on such book profits if 18.5% of 'book profits" is higher than tax liability under normal provisions of the Act.

7. Under section 36(1) (xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head profits and gains of business or profession.

8. Under section 54EE of the Act and subject to the conditions specified therein, long term capital gains arising on the transfer of the shares of the company (not covered under section 10(38)) shall be exempt from tax if such capital gain is invested within six months from the date of such transfer in specified assets in units of specified fund. The maximum investment in the units of the specified fund cannot exceed Rs 50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so re-invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of capital gain.

9. Short Term capital loss computed for the given year is allowed to be set of against short term / long term capital gains computed for the said year under section 70 of the Act. However, long

term capital loss computed for the given year is allowed to be set-off only against long term capital gains for the said year.

Under section 74 of the Act, to the extent that the loss is not absorbed in the year of transfer under section 70, it would be carried forward for eight subsequent years.

10. Under section 111A of the Act, Short term capital gains (as defined in section 2(42B)) arising on the transfer of equity shares would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess). Cost indexation benefits would not be available in computing tax on short term capital gain.

    Such concessional rate would be available without such transaction being subject to STT, if such transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency. No deduction under Chapter VIA of the Act shall be allowed from such short term capital gain. Short term capital gains that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act.

11. Under section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities (other than units), the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation, at the option of the shareholder in cases where securities transaction tax is not levied.

    A base year for indexation purposes is shifted from 1 April 1981 to 1 April 2001, cost of acquisition of shares acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

C.2. To the Resident Mutual Fund

Under Section 10(23D), exemption is available in respect of all income (including capital gains arising on transfer of shares of the Company) earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other mutual fund set up by a public- sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

C.3. To the Domestic Insurance Company

a) Taxation of insurance companies is governed by Section 44 of the Act which provides a special regime for taxation of insurance companies. The section states that notwithstanding anything to the contrary contained in the provisions of this Act relating to computation of income chargeable under the head “income from house property”, “capital gains” or “income from other sources” or in section 199 or in sections 28 to 43B, the profits and gains of any business of insurance, including a mutual insurance company or by a co-operative society shall be computed in accordance with the rules contained in the First Schedule.

    Taxation of life insurance business in India governed by section 115B, section 44 and the First Schedule of the Income Tax Act, 1961. “Profit and gains of the life insurance business” is taken as “annual average of the surplus arrived at after adjusting the surplus or deficit disclosed by the actuarial valuation” excluding “from it any surplus or deficit included therein which was made in any earlier inter-valuation period.”

    Provisions of computation of Minimum Alternative Tax under section 115JB of the Act are not applicable to income accruing to a company from life insurance business.

    Profits and gains of business of general insurance companies is computed based on the profit and loss account prepared in accordance with the provisions of the Insurance Act, 1938 and the IRDA Act, 1999 and the related Rules under both laws, subject to the following adjustments:

1. Additions of the amounts which are not admissible under the provisions of section 30 to 43B
2. Any gains or loss on realization of investments shall be added or deducted, if such gain or loss is not credited or debited to the profit and loss account
3. Any provision for diminution in the value of investments debited to profit and loss account shall be added back
4. Amount carried to reserve for unexpired risk shall be allowed as a deduction as prescribed in rule 6E of the Income Tax Rules, 1962.

Tax rate: For Life Insurance Companies: 12.5% on profits from life insurance business and 30% on other than life Insurance business income as increased by surcharge and education cess. For general insurance companies: 30% of profits as increased by surcharge and education cess.

C.4. Provident Fund and Pension Fund

Under section 10(25) of the Act, any income received by trustees on behalf of a recognized provident fund (as defined in section 2(38)) and an Approved superannuation fund (as defined in section 2(6)) is exempt from tax.

C.5. Venture Capital Fund or Venture Capital Company (VCC or VCF):

Income of a VCF or VCC from investments in a Venture Capital Undertaking is exempt under section 10(23FB) of the Act. In accordance with section 115-U, any income accruing or received by a person out of investment in venture capital fund or venture capital company shall be chargeable to income tax in the same manner as if it were income accrued or received by such person had he made investment in the venture capital undertaking directly. The income paid by VCF or VCC shall be deemed to be of the same nature and in the same proportion in the hands of the person receiving it as it had been received by or had accrued or arisen to VCF or VCC as the case may be. The income accruing or arising to or received by a VCF or VCC from investments in a Venture Capital Undertaking shall be deemed to have been credited to the account of such person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the Income.

D. TO THE NON-RESIDENT SHAREHOLDERS OF THE COMPANY

D.1. To Non resident shareholders

1. Under the provisions of section 90(2) of the Act , a non resident will be governed by the provisions of the agreement for avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee

2. Dividend Income earned on shares of the company will be exempt in the hands of shareholders under section 10(34) of the Act . Section 14 A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. As per section 94(7) of the Act , lossess arising from sale / transfer of shares , where such shares are purchased within three months prior to the record date and sold within three months from the record date , will be disallowed to the extent such losses do not exceed the amount of exempt dividend

3. Income arising on transfer of shares of the company will be exempt under section 10(38) of the Act if the said shares are long term capital assets and such transfer is chargeable to STT. However, such long term capital gains will not be exempt if the transactions of acquisition, of such equity shares are not chargeable to STT, unless covered by the notification issued by the Central Government in this regard.

D.2. Mutlilateral and Bilateral Development Financial Institution

Multilateral and bilateral development financial institutions may be exempt from taxation in India on the Capital gains arising on the sale of shares of the company depending on the applicable Statute and Acts passed in India. In case they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FII may apply, as presumably they would be registered as FII.

D.3. Foreign Institutional Investors

1. Dividends earned on shares of the Company are exempt from tax in accordance with and subject to the provisions of Section 10(34) read with Section 115-O.

2. As per Section 115AD, FIIs will be taxed at:

   a) 10% (plus applicable surcharge and Education cess) on long-term capital gains, where STT is not payable on the transfer of the shares.
   b) 15% (plus applicable surcharge and Education cess) on short-term capital gains arising on the sale of the shares of the Indian company which is subject to STT.
   c) 30% (plus applicable surcharge and Education cess) on short-term capital gains arising on the sale of the shares of the Indian Company which is not subject to STT.
   In accordance with section 2(14), any securities held by an FII, which has invested in such securities in accordance with the SEBI regulations, are regarded as capital assets.

3. As per Section 10(38), Long-term capital gains (as defined in section 2(29B)) on sale of equity share of a company listed on a recognized stock exchange, would not be taxable, provided STT has been paid on the sale transaction.

4. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in the Company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of the amount of income-tax calculated on such short term capital gains at the rate of 15% (*plus* applicable surcharge and education cess) and the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

   The FII eligible to avail DTAA benefits shall obtain TRC from the Government of the Country of its residence or specified territory containing the prescribed particulars which has been notified by the CBDT through insertion of Rule 21AB in the Income Tax Rules, 1962 and also submit Form 10F (wherever applicable) to avail of the tax benefit.

D.4. Foreign Venture Capital Investor:

1. Income of a FVCI from investments in a Venture Capital Undertaking/ Companies is exempt under section 10(23FB) of the Act.

2. In accordance with section 115-U, any income accruing or received by a person out of investment in venture capital fund or venture capital company shall be chargeable to income tax in the same manner as if it were income accrued or received by such person had he made investment in the venture capital undertaking directly. The income paid by a VCF or VCC shall be deemed to be of the same nature and in the same proportion in the hands of the person receiving it as it had been received by or had accrued or arisen to VCF or VCC as the case may be. The income accruing or arising to or received by a VCF or VCC from investments in a Venture Capital Undertaking shall be deemed to have been credited to the account of such person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income.

   The FVCI eligible to avail DTAA benefits shall obtain TRC from the Government of the Country of its residence or specified territory containing the prescribed particulars which has been notified by the CBDT through insertion of Rule 21AB in the Income Tax Rules, 1962 and also submit Form 10F (wherever applicable) to avail of the tax benefit.

Note:

1. The above statement of possible tax benefits sets out the provisions of the Income Tax law in a summary manner only and is not a complete analysis or list of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.

3. Section 115JB of the Act has been amended vide the finance act 2017 providing a framework to compute book profit , which constitutes the tax base for Minimum Alternate Tax (MAT) for companies converging to IND-AS . These amendments which provide for various adjustments to the book profits on account of transitional impact as well year on year impact of IND-AS have not been included above. Accordingly, we have not expressed our opinion on the impact of IND AS which may be applicable to the company from the financial year 2018-19 onwards.

4. No assurance is given that the Revenue authorities / Courts will concur with the view expressed herein. Our view is based on the existing provisions of law and its interpretation which is subject to change from time to time. We do not assume responsibility to update our view consequent to such changes.

5. The foregoing does not purport to be a complete analysis of the potential tax considerations relating to the Issue, and should not be construed as tax advice/opinion. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the local tax laws or nontax laws, any changes in applicable tax laws and any pending or proposed laws or regulations.

6. As per the Income Computation and Disclosure Standards (ICDS) notified by Central Board of Direct Taxes under Section 145 of the IT Act, the taxable income of the company has to be computed in accordance with the standards notified, irrespective of the accounting policy followed by the company. Provisions of ICDS shall however not be applicable to computation of taxable income under section 115JB of the IT Act. In case of conflict between the IT Act and ICDS, provisions of the Act shall prevail.

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These proceedings are primarily in the nature of recovery proceedings initiated by us in respect of advances made pending before civil courts or the debts recovery tribunal(s), as the case may be, criminal cases filed by us in cases of dishonor of cheques or fraud cases, claims against our Company, consumer claims, and suits for setting aside recovery proceedings initiated by our Company, and tax matters.

A summary of certain legal proceedings where the amount involved exceeds ₹ 3.00 million, being 1.00% of our profit after tax in fiscal year 2017, and certain other litigation which may be construed as material is set forth below. Except as disclosed in this section, we are not involved in any legal proceedings, which if determined adversely, could result in material adverse effect on our business, financial condition or results of operations.

CASES INVOLVING OUR COMPANY

Litigation against our Company

Civil Matters

There are 15 civil matters involving our Company which are pending before various fora, these cases also include the consumer disputes against the Company.

Litigation by our Company

Arbitration Proceeding by the Company

There are 24,012 arbitration cases involving our Company which are pending at various stages, these proceedings are initiated by the Company against various entities for recovering the amount from the defaulted customers. The total value involved in all these proceedings is approximately ₹ 1,129.90 million.

Criminal cases by our Company

There are 6,677 cases filed by our Company against various entities across the country under the provisions of section 138 of the Negotiable Instruments Act, 1881. All these matters have been filed in order to recover sums due to our Company for which cheques issued in favor of our Company were dishonored. The total value involved in all these matters is approximately ₹ 324.66 million.

Other Matters

Nil.

CASES INVOLVING OUR DIRECTORS

Cases against our directors

Civil cases

M/s Tripple Ess Communications Private Limited and its director, Rajesh Khanna who is also the proprietor of M/s Chitra Advertising Service have filed a suit for recovery bearing CS (OS) 706/2015 before the High Court of Delhi against MFL, Thomas Muthoot, the Executive Director, Tiju Easow, vice-president - marketing and Divya Singhal (a former employee) claiming an amount of ₹ 7,654,083 towards payments due against certain outdoor advertising campaigns allegedly undertaken for MFL, along with interest incurred and litigation costs. MFL has filed written statement before the High Court of Delhi, claiming that the aforesaid task was not entrusted to the concerned person.

Criminal cases

1. Mr. K.P. Varghese, Managing Director of Welgate Cinema Folks Private Limited has filed a case (CMP No. 504/13) against Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot, directors of Muthoot Fincorp Limited before the Chief Judicial Magistrate Court, Trivandrum, alleging

that exorbitant interest is being charged on the loan, which is clearly in violation of the Kerala Prohibition of Charging Exorbitant Interest Act, 2012. MFL and the Promoters approached the Honorable High Court of Kerala challenging the said proceedings, and the Honourable High Court of Kerala has stayed further proceedings in the matter.

2. The Registrar of Companies, Hyderabad, Andhra Pradesh, had filed a complaint before the Special Judge for Economic Offences at Hyderabad against the erstwhile directors of Nagarjuna Finance Limited including Mr. A.P. Kurian seeking conviction against the accused persons on the ground of violations of the order dated February 29, 2000, passed by the Company Law Board. Mr. A.P. Kurian and others filed discharge petitions in the matter and the court discharged them from the case, pursuant to the order dated May 2, 2005. Aggrieved by the above order, the Registrar of Companies, Andhra Pradesh, Hyderabad, filed Criminal Revision Case 1305/2005 in the High Court of Andhra Pradesh. The matter is currently pending.

CASES INVOLVING OUR PROMOTER

There have been no litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority in India, against the Promoters of our Company during the last three years immediately preceding the date of this Placement Document and any direction issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action, except for the litigations against Mr. Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot, as disclosed under the head "*Legal Proceedings - Cases involving our Directors*" on page 172, above.

TAX RELATED PROCEEDINGS

Cases involving our Company

(a) Direct Tax Matters

There are three income tax matters involving our Company which are pending before The Commissioner of Income Tax (Appeals) involving an aggregate amount of ₹2.55 million of which ₹ 2.36 million has already been charged to the statement of profit and loss account of our Company.

(b) Indirect Tax Matters

Nil.

Cases involving our Directors

1. Thomas John Muthoot

There are 14 tax matters involving our director Mr. Thomas John Muthoot which are pending before various fora, such as the Supreme Court of India, the High Court of Kerala and Commissioner of Income Tax (Appeals) involving an aggregate amount of ₹ 196 million.

2. Thomas George Muthoot

There are 14 tax matters involving our director Mr. Thomas George Muthoot which are pending before various fora, such as the Supreme Court of India, the High Court of Kerala, Commissioner of Wealth Tax (Appeals), Income Tax (Appellate Tribunal) and Commissioner of Income Tax (Appeals) involving an aggregate amount of ₹ 309.95 million.

3. Thomas Muthoot

There are 12 tax matters involving our director Mr. Thomas Muthoot which are pending before the Supreme Court of India and Commissioner of Income Tax (Appeals) involving an aggregate amount of ₹ 90.32 million.

LITIGATION, INQUIRIES, INSPECTIONS OR INVESTIGATIONS UNDER THE COMPANIES ACT AGAINST OUR COMPANY IN THE LAST THREE YEARS

There has been no inquiry, inspection or investigations initiated or conducted against the Company under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the date of this Placement Document against our Company.

PROSECUTIONS FILED AGAINST, FINES IMPOSED ON, OR COMPOUNDING OF OFFENCES BY OUR COMPANY UNDER THE COMPANIES ACT IN THE LAST THREE YEARS

There have been no prosecutions filed (whether pending or not), fines imposed, compounding of offences under the Companies Act, 2013 or any previous company law, in the last three years immediately the date of this Placement Document involving our Company.

DETAILS OF ACTS OF MATERIAL FRAUDS COMMITTED AGAINST OUR COMPANY IN THE LAST THREE YEARS, IF ANY, AND IF SO, THE ACTION TAKEN BY OUR COMPANY

In the three years immediately preceding the date of this Placement Document, the acts of material frauds, i.e. the act of frauds detected involving an amount of ₹ 390,071 or more, against our Company are as follows:

Sr. No.	*Brief details of Fraud*	*Amount Involved (in ₹)*	*Amount Recovered (in ₹)*	*Actions taken by our Company*
1.	Asset taken in the name of uncle's son and the same was misused by the employee	121,222.00	98,000.00	Our vigilance officer and Company representatives have made visits to the offender's house to recover the asset. However, the asset was handed over to a third party and the offender has been untraceable.
2.	Delay deposits and Cash misuse (seven loan accounts)	126,118.00	126,118.00	Recovered the total amount and terminated the services by obtaining resignation.
3.	Amount taken without receipt and late deposition	33,868.00	33,868.00	Suspended from service
4.	Amount taken without receipt and late deposition	15,539.00	15,539.00	Suspended from service
5.	Delay deposits and Cash misuse	2,450.00	2,450.00	Suspended from service
6.	Delay deposits and Cash misuse	7,599.00	7,599.00	Suspended from service
7.	Delay deposits and Cash misuse	83,275.00	83,275.00	Suspended from service
Total		***390,071.00***	***366,849.00***	

DEFAULTS IN RESPECT OF DUES PAYABLE INCLUDING THEREIN THE AMOUNT INVOLVED, DURATION OF DEFAULT AND PRESENT STATUS OF REPAYMENT

There has been no default committed by the Company.

LITIGATION OR LEGAL ACTION PENDING OR TAKEN AGAINST THE PROMOTER(S) TAKEN BY ANY MINISTRY, DEPARTMENT OF THE GOVERNMENT OR ANY STATUTORY AUTHORITY IN THE LAST THREE YEARS

There has been no legal action against the Promoters taken by any Ministry, Department of the Government or any statutory authority in the last three years preceding the date of this Placement Document.

SUMMARY OF RESERVATIONS OR QUALIFICATIONS OR ADVERSE REMARKS OF AUDITORS IN THE LAST FIVE FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF 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 REMARK

Nil.

STATUTORY AUDITORS

Our Company's current statutory auditors, M/s Varma and Varma, Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

Our Company's financial statements as of and for the Fiscals 2015, 2016 and 2017 included in this Placement Document, have been audited by our Previous Statutory Auditors, M/s K. Venkatachalam Aiyer & Co., Chartered Accountants Our previous statutory auditors, M/s K. Venkatachalam Aiyer & Co., Chartered Accountants, and have consented to inclusion of their report(s) in this Placement Document. See, "*Financial Statements*" on page 178.

The Unaudited Interim Financial Statements included in this Placement Document have been reviewed by M/s Varma and Varma, Chartered Accountants, the current statutory auditors of our Company.

GENERAL INFORMATION

- Muthoot Capital Services Limited was incorporated as a public limited company on February 18, 1994, under the name of "Muthoot Capital Services Limited", under the provisions of the Companies Act, 1956, in the State of Kerala. The Company has obtained the Certificate of Commencement of Business on March 23, 1994 issued by the RoC. Our Company registered itself as an NBFC-D with the RBI in the year 1998. For details, see "*Business*" on page 105. The registered office of the Company is situated at 3rd Floor, Muthoot Towers, M.G. Road, Kochi – 682 035, Kerala, India. The CIN of our Company is L67120KL1994PLC007726.

- The authorized share capital of our Company is ₹ 250,000,000 consisting of 25,000,000 Equity Shares of ₹ 10 each. Our Company's issued and subscribed capital is ₹ 137,198,330 divided into 13,719,833 Equity Shares of ₹ 10 each. For further details, see "*Capital Structure*" on page 63.

- One Equity Shares were listed on BSE on April 24, 1995 and on NSE on August 24, 2015.

- The Issue was authorised and approved by the Board of Directors on September 9, 2017 and approved by the Shareholders of our Company via postal ballot on October 15, 2017.

- Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue, on the BSE and the NSE on November 6, 2017.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Bid/Issue Period at our Registered Office.

- There has been no material change in our financial or trading position since Fiscal 2017, the date of the latest audited financial statements included in this Placement Document, except as disclosed herein.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR.

- Except as disclosed in this Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- The Floor Price is ₹ 628.98 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations as certified by the Auditors pursuant to their certificate dated November 6, 2017. Our Company has offered a discount of 3.81% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

- Our Company's Previous Statutory Auditors, M/s K. Venkatachalam Aiyer & Co., Chartered Accountants have audited our financial statements as of and for the Fiscals 2015, 2016 and 2017 and our current Statutory Auditors M/s Varma and Varma, Chartered Accountants have conducted a limited review on our Unaudited Interim Financial Statements. Our previous statutory auditor and our current Statutory Auditor's have consented to inclusion of their report(s) thereon in this Placement Document.

- The financial statements of our Company included herein have been prepared in accordance with Indian GAAP. Unless the context otherwise requires, all financial data in this Placement Document are derived from our Financial Statements and Unaudited Interim Financial Statements. Indian GAAP differs in certain significant respects from IFRS and U.S. GAAP.

- Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For details of litigations, please see "*Legal Proceedings*" on page 172.

- Details of the Compliance Officer:

  Mr. Syam Kumar R.

Company Secretary
3rd Floor, Muthoot Towers
M.G. Road
Kochi – 682 035, Kerala
India Tel: +91 0484 – 661 9600/ 661 3450, 661 9604
Fax: +91 - 4 84 – 238 1261
Email: syam.kumar@muthootcap.com

- Our Company and the BRLM accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website www.muthootcap.com, could be doing so at his or her own risk.

FINANCIAL STATEMENTS

S. No.	Financial Statements
1.	Financial Statements
2.	Unaudited Interim Financial Statements

No.41/3647B, First Floor
BLUE BIRD TOWERS
Providence Road, Ernakulam **Tel** • (0484) 2396511 • (0484) 2396513
KOCHI – 682 018 **Email** • kviyerekm@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MUTHOOT CAPITAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the 'Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and based on the information and explanation given to us, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 11 to the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. During the year, there has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **K.VENKATACHALAM AIYER & Co**
Chartered Accountants
FRN: 004610S

CA A. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi
Date: 25 May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexure Referred to in our report to the members of Muthoot Capital Services Limited on the Financial Statements for the year ended March 31, 2015.

We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

2. (i) Except for the repossessed assets from borrowers and gold in hand not sold in auction, the company does not have any stock of inventory. These Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   (ii) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

   (iii) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

3. The Company has not given any loan to Companies, firms and other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly, requirements of reporting under Paragraphs (iii) (a) and (iii) (b) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

5. The company has accepted deposits, and it has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, as applicable or any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

6. The central government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the service rendered by the company.

7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted or accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, wealth tax , service tax, duty of customs, duty of excise, value added tax , cess and other material statutory dues were in arrears as at march 31, 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as on 31st March 2015 on account of dispute except the following.

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates- Financial Year	Amount involved *(Rs.in 000)*
Income Tax Act, 1961	Income Tax and Interest	Assistant Commissioner of Income Tax, Circle-1(2)- Ernakulam	2001-02	14 45/-
Income Tax Act, 1961	Income Tax and Interest	Assistant Commissioner of Income Tax, Circle-1(2)- Ernakulam	2002-03	9 13/-
Total				**23 58/-**

(c) The company has transferred an amount of Rs.1 81 thousand lying in the unpaid dividend account to Investor Education and Protection Fund for the period 2006-07 as per the provisions of the Companies Act, 1956 (1 of 1956) and rules framed there under.

8. The Company does not have any accumulated losses at the end of the financial year and it has not incurred cash losses in this financial year or in the immediately preceding financial year.

9. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has not defaulted in repayment of any dues to financial institution or banks or debenture holders.

Even though there are unpaid amounts of debentures amounting to Rs.15 19 thousand outstanding as on 31.03.2015, the management has confirmed that they could not pay the same since the claims were not received from the debenture holders.

10. In our opinion and according to the information and explanations given to us, the company has not given any guarantee during the year for loans taken by others from banks or other financial institutions.

11. According to the information and explanations given to us and on the basis of the verification of the books of account of the company, in our opinion, the company has applied the term loans for the purpose for which the loans were obtained.

12. 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, there we report that, during the year there have been certain instances of fraud on the Company by employees, where hypothecation loans related misappropriations or cash embezzlements have occurred for amounts aggregating Rs. 3 46 thousand of which the Company has recovered Rs.2 99 thousand. The Company is in the process of recovering these amounts from the employees and taking legal actions where applicable.

For **K.VENKATACHALAM AIYER & Co**
Chartered Accountants
FRN: 004610S

CA A. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi
Date: 25 May, 2015

MUTHOOT CAPITAL SERVICES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2015

(Rs.in '000)

	Note	As At 31-Mar-15	As At 31-Mar-14
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2.1	12 47 26	12 47 26
Reserves and Surplus	2.2	120 82 38	106 07 38
		133 29 64	**118 54 64**
Non - Current Liabilities			
Long - Term Borrowings	2.3	12 70 27	4 05 32
Other Long Term Liabilities	2.4	80 39	68 36
		13 50 66	**4 73 68**
Current Liabilities			
Short -Term Borrowings	2.5	584 65 01	496 84 42
Other Current Liabilities	2.6	124 75 79	84 06 17
Short - Term Provisions	2.7	15 23 17	10 69 74
		724 63 96	**591 60 33**
Total		**871 44 26**	**714 88 65**
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	2.8	2 04 39	2 83 55
Non - Current Investments	2.9	13 25 13	6 85 14
Deferred Tax Assets (Net)	2.10	2 70 23	1 32 37
Long Term Receivables From Financing Activities	2.11	39 23	1 40 60
Long Term Loans and Advances	2.12	16 75	9 97
Other Non-Current Assets	2.13	67 57	-
		19 23 30	**12 51 63**
Current Assets			
Current Investments	2.14	28 52	22 09
Cash and Cash Equivalents	2.15	6 57 71	8 23 92
Receivables From Financing Activities	2.16	840 15 98	689 20 83
Short Term Loans and Advances	2.17	2 13 82	2 27 02
Other Current Assets	2.18	3 04 94	2 43 16
		852 20 97	**702 37 02**
Total		**871 44 27**	**714 88 65**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 16		

Note: The notes referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LTD

CA A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place - Kochi
Date - May 25, 2015

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY

MUTHOOT CAPITAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

(Rs.in '000)

	Note	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Revenue			
Revenue From Operations	2.19	190 48 44	158 58 70
Other Income	2.20	80 20	17 12
Total Revenue (I)		**191 28 64**	**158 75 82**
Expenses			
Employee Benefits	2.21	39 29 46	34 78 25
Finance Costs	2.22	76 77 08	60 44 65
Depreciation	2.8	1 38 97	78 94
Administrative and Other Expenses	2.23	36 07 71	26 46 68
Provisions	2.24	3 58 86	2 69 03
Total Expenses (II)		**157 12 08**	**125 17 55**
Profit Before Tax (I - II)		**34 16 56**	**33 58 27**
Tax Expenses			
Current Tax		13 23 00	11 78 00
Deferred Tax		(1 36 02)	(32 56)
Income Tax Adjustment For Earlier Years		43	(7 73)
Total Tax Expenses		**11 87 41**	**11 37 71**
Profit after Tax		**22 29 15**	**22 20 56**
Earning per equity share of Rs.10 each:			
Basic and Diluted (in Rs.)	11	17.87	17.8
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 17		

Note: The notes referred to above form an integral part of the Statement of Profit and Loss.

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LTD

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

CA A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS MUTHOOT
DIRECTOR

Place - Kochi
Date - 25th May, 2015

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY &
HEAD- GOVERNANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(Rs in '000)

	Year ended	
	31-Mar-15	**31-Mar-14**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	**34 16 56**	33 58 27
Adjustments for:-		
Depreciation	**1 38 97**	78 94
Provision against Non - Performing Assets	**3 24 75**	1 23 89
Provisions against Standard Assets	**34 11**	55 89
Provision against Repossessed Assets	**-**	69 56
Other Provisions	**-**	19 69
Excess Provision written back	**(40 40)**	(3 93)
Loss / (Profit) from Capital Market Operations	**(7 94)**	3
Loss / (Profit) on sale of Assets	**(16)**	(4)
Dividend Income	**(65)**	(62)
	4 48 68	3 43 41
Operating Profit before Working Capital Changes	**38 65 24**	37 01 68
Net (Increase) / Decrease in Operating Assets:-		
Short Term Loans and Advances	**(8 14)**	(1 35 27)
Long Term Loans and Advances	**(6 78)**	27 97
Receivables from Financing Activities	**(149 93 78)**	(226 92 40)
Bank Deposits (having maturity date of more than 3 months)	**(3 40 00)**	(52 00)
Other Non Current Assets	**(67 57)**	-
Other Current Assets	**(1 90)**	3 52 48
	(154 18 17)	(224 99 22)
Net increase/ (decrease) in operating liabilities:-		
Long term Liabilities	**-**	6
Other current Liabilities	**1 25 92**	20 24
Short-term Provisions	**(59 78)**	5 22
	66 14	25 52
Net changes in working capital	**(153 52 03)**	(224 73 70)
Cash generated from Operations	**(114 86 79)**	(187 72 02)
Direct Taxes paid	**(12 85 87)**	(11 70 50)
Net cash (used in) Operating Activities	**(127 72 66)**	(199 42 52)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including capital advance	**(65 90)**	(1 15 41)
Sale of Fixed Assets	**85**	51
Investments in Shares and Mutual Funds	**(6 43)**	(1 77)
Non -Current Investments	**(6 55 69)**	(7 02 50)
(Loss) / Profit from Capital Market Operations	**7 94**	(3)
Dividend Income	**65**	62
Net cash (used in) Investing Activities	**(7 18 58)**	(8 18 58)

C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in Secured debentures	**(8 05 51)**	(7 06 63)
Net increase / (decrease) in Subordinated debts	**1 44 93**	2 83 85
Net increase in Public Deposit	**53 70 99**	59 86 19
Inter Corporate Deposit	**1 30 07**	-
Increase in Secured and Unsecured Borrowings	**87 97 01**	164 57 03
Dividend paid (including Corporate Dividend Tax)	**(6 52 46)**	(5 79 78)
Net cash generated from Financing Activities	**129 85 03**	214 40 66
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	**(5 06 21)**	6 79 56
Opening Balance of Cash and Cash Equivalents	**7 71 92**	92 36
Closing Balance of Cash and Cash Equivalents	**2 65 71**	7 71 92

COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	**24**	3 30
With Banks		
- on current accounts	**2 29 21**	7 36 56
- Unpaid dividend accounts	**36 26**	32 06
*** Total Cash and Cash Equivalents**	**2 65 71**	7 71 92

* Cash and cash equivalents do not include Bank deposits having maturity of more than 3 months amounting to Rs.3 92 00 thousand (March 31, 2014 Rs.52 00 thousand).

Note: Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS MUTHOOT
DIRECTOR

Place – Kochi
Date – 25th May, 2015

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY &
HEAD- GOVERNANCE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

CORPORATE INFORMATION

Muthoot Capital Services Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Muthoot Capital Services Limited was incorporated on February 18, 1994 as a public limited company. Its shares are listed on the Bombay Stock Exchange. The Company is registered as an A- category Deposit taking Non-Banking Financial Company (NBFC) with Reserve Bank of India. During the year the Company was mainly engaged in financing for purchase of automobiles, namely two wheelers against hypothecation of the respective vehicles and granting of personal/business loans against demand promissory notes. The Company also engaged itself in buying loan portfolios from other NBFCs financing the two wheelers / micro finance Segment. The company has a reasonably good presence in the Non-banking financial sector in rural and semi-urban areas.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

i. The financial statements for the year ended 31st March, 2015, have been prepared under historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) and in compliance with the provisions of the Companies Act, 2013, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non-Banking Financial Companies from time to time, wherever applicable.

ii. All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of financial services provided and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 36 months for the purpose of classification of its assets and liabilities into current and non-current as per the requirements of Schedule III of the Companies Act, 2013.

iii. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management’s evaluation of the relevant facts and circumstances as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

1.3 Revenue recognition

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

- **Income from Financial Services**
  - Finance charges in respect of hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan instalments are accounted as and when received by the Company.
  - Interest on loans and advances, including Loan Buyout, is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for delayed payments are accounted as and when received.
  - Income in respect of Non-performing assets is recognized as and when received as per the guidelines given in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.
  - Interest Income on SLR Investment/ Deposits is recognized on accrual basis.

- **Windmill Income**

  Income from power generation is recognized on supply of power to the grid as per the terms of the agreement with Muthoot Bankers.

- **Dividend Income**

  Dividend on investments is recognized as income, when right to receive payment is established by the date of balance sheet. The profit/loss on Capital Market Operations is recognized at the time of actual sale/redemption of investments.

1.4 Receivables from Financing Activities

The Company has followed the Directions issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments and also the Non-Banking Financial Companies acceptance of Public Deposits (Reserve Bank) Directions 2007.

Hypothecation Loans

i. Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received up to balance sheet date.

ii. Repossessed automobile assets are valued at lower of book value and estimated realizable value.

iii. Interest on hypothecation loans was recognized on accrual basis up to the current reporting date.

1.5 Tangible Fixed Assets

Fixed Assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit & Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit & Loss when the asset is de-recognized.

1.6 Depreciation on tangible fixed assets

Depreciation on assets held for own use of the Company is provided on written down value method as per the useful years of life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013.

The company has adopted the following as the useful years of life to provide depreciation on its fixed assets.

Sl No	Description of the Assets	Useful Years of Life
	Motor vehicles	
1	Car	8
2	Cycles, Scooters	10
3	Furniture and fittings	10
4	Office Equipments	5
	Computer and Accessories	
5	Computers	3
6	Networks & Servers	6
7	Windmill generator	22

Carrying Amounts of assets for which useful life is reduced as per the Schedule II of The Companies Act, 2013 which comes into effect from April 1st 2014, are depreciated as shown below:

a. The Carrying amount as on April 1st 2014 is depreciated over remaining useful life of the asset as per schedule II

b. If the useful life of asset as on April 1st 2014 is nil as per Schedule II of the Companies Act, 2013,the carrying amount as on April 1st 2014 is recognized in the opening balance of the Reserves and Surplus.

Impairment of tangible and intangible assets

a) The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.

b) After impairment, depreciation is provided on the revised carrying amount of the asset as per the Useful Life as prescribed in Schedule II of the Companies Act 2013.

c) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.7 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

1.8 Investments

a) Investment in Government Securities

Long term Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current Investments are valued at lower of cost and market value / net asset value.

b) Investments - Others

Investments, which are readily realizable and intended to be held for not more than three years from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit & Loss.

1.9 Income Tax

Tax expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

1.10 Retirement and Other Employee Benefits

a) Defined Contribution Plan

(i) Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Statement of Profit & Loss for the year when the contributions are due in accordance with the fund rules. The company has no obligation, other than the contribution payable to the provident fund.

(ii) Employees State Insurance

The company also contributes to Employees State Insurance Corporation on behalf of its employees.

b) Defined Benefit Plan – Gratuity.

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/payable is determined on actuarial valuation done by LIC. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit & Loss.

1.11 Segment Reporting

The company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of hypothecation loans, buying loan portfolio of other NBFCs/ Micro Finance company and loan against demand promissory notes etc.). Hence, there is no additional disclosures required under Accounting Standard 17 'Segment Reporting'.

The Company operates primarily in India; hence there is no other significant geographical segment that requires the disclosure.

1.12 Related Party Disclosure

Disclosures are made as per the requirements of the Accounting Standard 18 read with the clarifications issued by Institute of Chartered Accountants of India.

1.13 Earnings per Share

The Company reports basic earning per share in accordance with AS-20 "Earnings per Share", issued by the ICAI. Basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

1.14 Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statements comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity of three months or less.

1.15 Material Events

Material Event occurring after the Balance Sheet date is taken into cognizance.

1.16 Provisions other than that for Non-Performing Assets

A provision is recognized when the company has a present legal and constructive obligation as a result of past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

1.17 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not 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.

1.18 Classification and provisioning as per RBI Guidelines

As per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India, the Company makes adequate provisions against Non-Performing Assets in the following manner;

a. Standard Assets:

Provision against Standard Assets is made at the rate of 0.25% as required by Paragraph 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with Notification No. DNBS.222/CGM (US)-2011 issued by Reserve Bank of India on January 17, 2011.

b. Sub-standard, Doubtful and Loss Assets:

Provision as required by paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.

c. An additional adhoc provision as considered appropriate by the management towards provision against non-performing assets.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2015

Amounts in the financial statements are presented in thousands, except for per share data and as otherwise stated. Previous year figures have been reworked, re-grouped, re-arranged and reclassified to conform to the current year presentation.

BALANCE SHEET

2.1 SHARE CAPITAL

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Authorized		
1,50,00,000 equity shares of Rs. 10 par value.	**15 00 00**	15 00 00
Issued, Subscribed and Paid up		
1,24,72,575 equity shares of Rs. 10 par value.	**12 47 26**	12 47 26
Total	**12 47 26**	12 47 26

The Company has only one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors in their meeting held on 25th May, 2015 proposed a final dividend of Rs.5 per equity share. The total dividend appropriation for the year ended 31st March, 2015 amounted to Rs.7 50 59 thousand including corporate dividend tax of Rs.1 26 96 thousand.

During the year ended 31st March, 2014, the amount of per share dividend recognized as distribution to equity shareholders was Rs. 4.5/-. The total dividend appropriation for the year ended 31st March, 2014 amounted to Rs.6 56 66 thousand including corporate dividend tax of Rs.95 39 thousand.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31st March 2015 and 31st March 2014 is set out below:

Particulars	As at 31-Mar-15 No. of shares in '000	As at 31-Mar-15 Rs. in '000	As at 31-Mar-14 No. of shares in '000	As at 31-Mar-14 Rs. in '000
No of shares outstanding at the beginning of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26
Add: Additional shares issued during the year	**-**	**-**	-	-
No of shares outstanding at the end of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26

Shareholders holding more than 5% shares in the company:

Particulars	As at 31-Mar-15 No of shares in '000	As at 31-Mar-15 %	As at 31-Mar-14 No of shares in '000	As at 31-Mar-14 %
Equity Shares				
Thomas John Muthoot	**28 51**	**22.86**	28 51	22.86
Thomas George Muthoot	**28 47**	**22.82**	28 47	22.82
Thomas Muthoot	**27 97**	**22.42**	27 97	22.42

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

2.2 RESERVES AND SURPLUS

(Rs. in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Securities Premium Account:		
At the beginning of the year	**41 80 80**	41 80 80
Additions on shares issued during the year	**-**	-
At the end of the year	**41 80 80**	41 80 80
Statutory Reserve:		
(As per 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	**18 65 79**	14 25 79
Transfer from surplus in statement of profit and loss	**5 00 00**	4 40 00
At the end of the year	**23 65 79**	18 65 79

General Reserve:		
At the beginning of the year	**8 30 00**	6 10 00
Transfer from surplus in statement of profit and loss	**2 50 00**	2 20 00
At the end of the year	**10 80 00**	8 30 00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	**37 30 79**	28 26 89
Adjustment on Account of Change in the useful life of fixed assets as per Schedule II of the Companies Act, 2013 (Note: 2.8)		
Less: Written Down value of Fixed Asset Carried to reserve	**(5 40)**	-
Add: Deferred Tax impact on the asset (Note No: 2.10)	**1 84**	-
	(3 56)	-
Add: Profit for the year	**22 29 15**	22 20 56
Less: Appropriations		
Transfer to Statutory Reserves	**(5 00 00)**	(4 40 00)
Transfer to General Reserves	**(2 50 00)**	(2 20 00)
Proposed Dividend	**(6 23 63)**	(5 61 27)
Tax on Proposed Dividend	**(1 26 96)**	(95 39)
At the end of the year	**44 55 79**	37 30 79
Total	**1 20 82 38**	1 06 07 38

2.3 LONG - TERM BORROWINGS

(Rs. in '000)

Particulars	As at	
	31-Mar-15	**31-Mar-14**
Secured:		
Non-Convertible Debentures	**8**	1 15 25
Unsecured:		
Subordinated Debt	**3 79 41**	2 58 32
Public Deposits	**8 90 78**	31 75
Total	**12 70 27**	4 05 32

Debentures:

The Company has issued Redeemable Non-Convertible Debentures on Private Placement basis in various series. The debentures issued under each series have a repayment period depending on the scheme it falls under. The debentures are repaid within a period of 1 to 6 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest Payment. The rate of interest of the Unmatured debentures range from 10.9% to 14.2% per annum and the rate of interest of matured debentures ranges from 9.5% to 13.1% per annum.

The issued debentures are secured by a pari-passu First charge on all movable assets, book debts and receivables created by undertaking the business of Loan against Gold Jewellery, Hypothecation Loan and all other types of Loans, both present and future, created by the company.

Maturity Pattern of Debentures:

(*Rs. in '000)*

	For the Financial Year 2014-2015					For the Financial Year 2013-2014				
Interest Rate % per annum	Matured Unclaimed	Current Maturities		Non-Current	Total	Matured Unclaimed	Current Maturities		Non-Current	Total
	Upto Mar'15	2015-2016	2016-2018	Beyond Mar'18		Upto Mar'14	2014-2015	2015-2017	Beyond Mar'17	
>9 - 12	**11 84**	**71 12**	**39 92**	**8**	**1 22 96**	22 17	4 06 12	1 00 22	11 10	5 39 61
>12 - 15	**3 35**	**1 42 86**	**2 42 83**	**-**	**3 89 04**	16 82	3 53 62	2 86 19	1 04 15	7 60 78
Total	**15 19**	**2 13 98**	**2 82 75**	**8**	**5 12 00**	38 99	7 59 74	3 86 41	1 15 25	13 00 39

This liability towards debentures appears in the financials in the manner given below:

(*Rs. in '000)*

Name of the element in Financials	Reference Note No	Particulars	As at 31-Mar-15	As at 31-Mar-14
Long Term Borrowings	**2.3**	Non-Convertible Debentures (Secured)	**8**	1 15 25
Other Current Liabilities	**2.6**	Current Maturities of Debentures	**4 96 73**	11 46 15
Other Current Liabilities	**2.6**	Unclaimed matured Debentures	**15 19**	38 99
Total			**5 12 00**	13 00 39

Subordinated Debt (Sub Debt):

The Company has accepted subordinated debts under three schemes namely Monthly, Annual and Maturity schemes with interest rates ranging from 12.25% to 13.40%. The subordinated debts issued under each scheme will be repaid only on maturity.

Maturity pattern of Subordinated Debts:

(*Rs. in '000)*

Interest Rate % per annum	For the Financial Year 2014-2015					For the Financial Year 2013-2014				
	Matured Unclaimed	Current Maturities		Non Current	Total	Matured Unclaimed	Current Maturities		Non Current	Total
	Upto Mar'15	2015-2016	2016-2018	Beyond Mar'18		Upto Mar'14	2014-2015	2015-2017	Beyond Mar'17	
>12 - 14	-	-	-	**3 79 41**	**3 79 41**	-	-	-	2 58 32	2 58 32
Total	-	-	-	**3 79 41**	**3 79 41**	-	-	-	2 58 32	2 58 32

The Unsecured Subordinated debts of the Company qualify as Tier II Capital under the Non Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

This liability towards subordinated debts appears in the financials in the manner given below:

(*Rs. in '000)*

Name of the element in Financials	Reference Note No	Particulars	As at 31-Mar-15	As at 31-Mar-14
Long Term Borrowings	**2.3**	Subordinated Debt	**3 79 41**	2 58 32
Total			**3 79 41**	2 58 32

Public Deposits:

The Company has accepted Public Deposits under three schemes namely monthly, annual and maturity schemes. The deposits issued under each scheme will be repaid only on maturity, unless claimed by the Depositor earlier and permissible to be repaid as per the regulations issued in this regard by the Reserve Bank of India. The rate of interest on these deposits ranges from 9% to 12.5% per annum with monthly rest.

Maturity pattern of Fixed Deposits:

(*Rs. in '000)*

Interest Rate % per annum	For the Financial Year 2014-2015					For the Financial Year 2013-2014				
	*Matured Unclaimed	Current Maturities		Non Current	Total	Matured Unclaimed	Current Maturities		Non Current	Total
	Upto Mar'15	2015-2016	2016-2018	Beyond Mar'18		Upto Mar'14	2014-2015	2015-2017	Beyond Mar'17	
>9 -12.5	**3 46 20**	**58 37 11**	**39 30 37**	**8 90 78**	**110 04 46**	-	32 06 84	26 49 67	31 75	58 88 26
Total	**3 46 20**	**58 37 11**	**39 30 37**	**8 90 78**	**110 04 46**	-	32 06 84	26 49 67	31 75	58 88 26

* The Matured Unclaimed Public Deposits include the Public Deposit- pending Renewal amounting to Rs. 1 59 79 thousand as shown in Note No. 2.6 Other Current Liabilities (March 31, 2014 :Rs.Nil).

This liability towards Public Deposits appears in the financials in the manner given below:

(Rs. in '000)

Name of the element in Financials	Reference Note No	Particulars	As at 31-Mar-15	As at 31-Mar-14
Long Term Borrowings	**2.3**	Public Deposit	**8 90 78**	31 75
Other Current Liabilities	**2.6**	Current Maturities of Public Deposits	**97 67 48**	58 56 51
Other Current Liabilities	**2.6**	Deposit Pending Renewal	**1 59 79**	-
Other Current Liabilities	**2.6**	Unclaimed matured Public Deposit	**1 86 41**	-
Total			**110 04 46**	58 88 26

2.4 OTHER LONG TERM LIABILITIES

(Rs. in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Non-current portion of interest accrued, but not due on:		
Debentures	**2**	42 62
Subordinated Debt	**66 46**	24 70
Public Deposits	**12 95**	8
Others		
Security Deposits (Unsecured)	**96**	**96**
Total	**80 39**	68 36

Current portion of interest accrued, but not due on borrowings amounting to Rs.5 84 02 thousand is shown in Ref Note No. 2.6 under Other Current Liabilities (March 31, 2014: Rs. 3 34 55 thousand)

2.5 SHORT - TERM BORROWINGS

(Rs. in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Secured		
Loans repayable on demand (from Banks)		
Working capital demand loans and Cash Credit	**517 32 72**	430 97 89
Term Loan	**63 29 24**	57 65 23
Unsecured		
Loans and Advances from Related Parties	**2 73 05**	8 21 30
Inter Corporate Deposits	**1 30 00**	-
Total	**584 65 01**	496 84 42

Loans repayable on demand from banks:

Working Capital Demand Loan:		
ICICI Bank Ltd	**25 00 00**	25 00 00
HDFC Bank Ltd	**20 00 00**	20 00 00
State Bank of Travancore	**108 00 00**	108 00 00
Kotak Mahindra Bank Ltd	**15 00 00**	15 00 00
IndusInd Bank Ltd	**9 50 00**	9 50 00
Federal Bank	**12 00 00**	-
State Bank of India	**90 00 00**	-
YES Bank	**10 00 00**	-
State Bank of Hyderabad	**34 95 10**	-
Sub total	**324 45 10**	177 50 00
Cash Credit:		
Federal Bank Ltd	**2 82 68**	14 83 38
IndusInd Bank Ltd	**-**	44 45
State Bank of India	**32 57**	97 84 06
State Bank of Hyderabad	**-**	20 27 50
Corporation Bank	**29 58 58**	29 59 43
Axis Bank Ltd	**4 23 76**	-
City Union Bank Ltd	**9 93 46**	-
South Indian Bank Ltd	**66 56 55**	74 65 26
Lakshmi Vilas Bank	**24 59 46**	14 96 52
State Bank of Travancore	**-**	87 29
Andhra Bank	**44 81 44**	-
Dhanalaxmi Bank	**9 99 12**	-
Sub total	**192 87 62**	253 47 89
Total	**517 32 72**	430 97 89
Term Loan:		
Yes Bank	**15 00 00**	-
IDBI Bank	**20 00 00**	-
Indian Overseas Bank	**-**	25 00 00
Dhanalaxmi Bank	**28 29 24**	32 65 23
Total	**63 29 24**	57 65 23
Grand Total	**580 61 96**	4 88 63 12

Guaranteed Loans

The Working Capital Demand Loans and Cash Credit obtained from Banks have been personally guaranteed by the Promoter Directors of the Company, namely, Mr.Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

Security of the Loans from Banks

The Working Capital Demand Loans and Cash Credit facility have been obtained from the banks by creating First Charge on the entire current assets including gold loan and hypothecation loan receivables ranking pari-passu with other banks and Debenture Holders.

Rate of interest

Short Term Borrowings from banks carries interest at the rate of 11.5% to 14% per annum during the year.

Term Loan from Banks:

The term loan from banks are secured by hypothecation of specific assets covered by Hypothecation Loan Receivables/ on entire current assets including hypothecation loan receivables, gold loan receivables and other current assets of the company. Rate of interest varies from 12% to 13%. The loan is repayable in equal monthly/ quarterly instalments spread over 24 months to 36 months.

Maturity of Term Loan from Banks:

(*Rs. in '000)*

Name of the Bank	For the Financial Year 2014-2015				For the Financial Year 2013-2014			
	2015-2016	2016-2018	Beyond Mar'18	Total	2014-2015	2015-2017	Beyond Mar'17	Total
Dhanlaxmi Bank Limited	**19 35 39**	**8 93 85**	**-**	**28 29 24**	13 36 00	19 29 23	-	32 65 23
Indian Overseas Bank	**-**		**-**	**-**	8 33 33	16 66 67	-	25 00 00
YES Bank	**7 50 00**	**7 50 00**	**-**	**15 00 00**	-		-	**-**
IDBI Bank	**6 06 06**	**13 93 94**	**-**	**20 00 00**	-		-	**-**
Total	**32 91 45**	**30 37 79**	**-**	**63 29 24**	21 69 33	35 95 90	-	57 65 23

*The above-mentioned Term Loans do not include the loan of Rs 37 25 84 thousand (Balance Outstanding as on 31.03.2015 Rs. 71 05 thousand) against the selling of Receivables from Financing Activities in favor of Dhanlaxmi Bank Limited.

Loan from Directors

The company has entered into transactions involving receipts and payments of different amounts with the directors of the company. The company pays interest at 12% per annum. The balance outstanding as on March 31, 2015 was Rs 2 73 05 thousand (March 31, 2014: Rs. 8 21 30 thousand).

Inter Corporate Deposits

The Company has taken an Inter Corporate Deposit of Rs. 1 30 00 thousand from Adtech Systems Ltd during the month of March 2015, which is repayable after a period of 3 months with an effective rate of interest of 9% per annum.

2.6 OTHER CURRENT LIABILITIES

(Rs. in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Current maturities of long term debt		
Debentures (Secured)	**4 96 73**	11 46 15
Public Deposits	**97 67 48**	58 56 51
Interest accrued and due on borrowings		
Unclaimed Matured Debentures	**4 47**	4 80
Unclaimed Matured Fixed Deposits	**36**	-
Interest accrued, but not due		
Bank Borrowings	**2 52 25**	1 05 87
Debentures	**2 43 43**	2 35 87
Sub Debt	**83**	83
Public Deposits	**3 39 76**	97 85
Inter Corporate Deposit	**7**	-
Income received in advance	**2 16 95**	1 75 52
Unclaimed dividends*	**36 26**	32 06
Unclaimed Matured debentures	**15 19**	38 99
Unclaimed Matured Public Deposits	**1 86 41**	-
Collection Agency Deposit	**3 00**	-
Public Deposits Pending Renewal	**1 59 79**	-
Other Payables		
Initial Payment	**12 26**	25 97
Foreclosure	**1 38**	36
Excess Instalment received against receivables from financing activities	**7 40**	6 68
Withholding Tax	**45 24**	38 30
Business Sourcing Incentive Payable	**1 58 02**	2 56 60
Other Expenses Payable**	**3 89 85**	2 93 72
Statutory Dues Payable	**72 51**	55 52
Others	**66 15**	34 57
Total	**124 75 79**	84 06 17

*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

** Other Expenses payable includes amounts payable to related parties amounting to Rs.1 53 09 thousand (March 31, 2014: Rs. 49 10 thousand)

2.7 SHORT - TERM PROVISIONS

(Rs. in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Employee Benefits*	-	36 92
Others		
Proposed dividend	**6 23 63**	5 61 27
Provision for dividend tax	**1 26 96**	95 39
Provision for taxation (Net)	**54 69**	17 13
Contingency provisions against standard assets (made @0.25% of the outstanding Standard Assets)	**2 03 00**	1 68 89
Provision for Non-Performing Assets **	**5 14 89**	1 90 14
Total	**15 23 17**	10 69 74

Provision for Income Tax represents the tax provision remaining as on the balance sheet date after setting off the advance tax paid during the year against the tax due for the assessment year 2015-2016.

* Refer Note No 2.13 Other Non-Current Assets and Note 3- Defined Benefit Plans- Gratuity Valuation

** Includes an additional adhoc provision of Rs.75 00 thousand (March 31, 2014 Rs. Nil) made against Non-Performing Assets.

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as 'the framework') to address various matters including harmonization of asset classification and provisioning norms wherein the provisioning norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31.03.2016

(ii) if they become overdue for 4 months for the financial year ending 31.03.2017

(iii) if they become overdue for 3 months for the financial year ending 31.03.2018 and thereafter.

Currently, the company classifies non-performing assets at 6 months default. With an aim to align itself with the provisioning rates prescribed in the framework in the manner shown above, the company has made an additional adhoc provision amounting to Rs. 75 00 thousand on perceived credit risk.

2.8 TANGIBLE ASSETS

(Rs in '000)

Particulars	Gross Block at Cost				Depreciation					Net Block	
	At 31 March, 2014	Additions	Sales	At 31 March, 2015	At 31 March, 2014	Transfer to Reserve	Charge for the year	Adjustment for the Year	At 31 March, 2015	At 31 March, 2014	At 31 March, 2015
Furniture and Fittings	1 82 63	12 47	21	**1 94 89**	65 28	98	35 80	9	**1 01 97**	1 17 35	**92 92**
Vehicles	35 85	-	-	**35 85**	27 00	-	2 98	-	**29 98**	8 85	**5 87**
Office Equipments	1 05 84	16 24	1 12	**1 20 96**	23 20	51	47 91	74	**70 88**	82 64	**50 08**
Computers and Accessories	1 99 35	37 19	1 00	**2 35 54**	1 33 60	3 91	50 44	81	**1 87 14**	65 75	**48 40**
Windmill Generator	89 78	-	-	**89 78**	80 82	-	1 84	-	**82 66**	8 96	**7 12**
Total	6 13 45	65 90	2 33	**6 77 02**	3 29 90	5 40	1 38 97	1 64	**4 72 63**	2 83 55	**2 04 39**

Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful life as specified in Schedule II of the said Act to provide for depreciation. Accordingly, the unamortised carrying value is depreciated over the revised / remaining useful lives. The written down value of fixed assets whose lives have expired as at 1st April 2014 has been adjusted net of tax in the opening balance of the surplus in the statement of Profit and Loss amounting to Rs.3 56 thousand (Note 2.2). Had the company continued to provide depreciation as per the previous rates specified in Schedule XIV of Companies Act 1956, the depreciation would have been lower by Rs. 69 25 thousand.

2.9 NON - CURRENT INVESTMENTS

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Investments in Mutual Funds	**19**	19
Investment in Government Securities	**13 24 94**	6 84 95
Total	**13 25 13**	6 85 14

(Rs in '000)

Particulars	Cost	Market Value
Aggregate amount of quoted investments:		
Mutual Funds	19	49
Government Securities*	13 24 94	13 80 35
Total	**13 25 13**	13 80 84

*In accordance with the Reserve Bank of India directives, the Company has created floating charge on the statutory liquid assets comprising investment in Government Securities of face value of Rs.13 88 00 thousand (Cost- Rs.13 24 94 thousand) and bank deposits of Rs. 3 92 00 thousand (Refer Note No. 2.15 'Cash and Cash Equivalents') in favour of trustees representing the deposit holders of the Company.

2.10 DEFERRED TAX ASSET (NET)

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Deferred Tax Asset		
Provision for NPA and Others	**2 47 29**	1 28 66
Preliminary Expenses charged off to the Statement of Profit and Loss, but allowed as expense under tax laws in 5 years	**1 99**	4 53
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	**20 95**	(6 16)
Others	**-**	5 34
Net Deferred Tax Asset	**2 70 23**	1 32 37

The increase in the deferred tax asset amounting to Rs. 1 37 86 thousand during the year ended 31.03.2015 as shown in the above table is represented in the financial statements in the manner shown below:

(Rs in '000)

Sl. No	Particulars	Amount
1	Deferred tax asset recognised by way of credit in the statement of profit and loss towards timing difference	1 36 02
2	Adjustment against opening reserve towards the written down value relating to assets whose useful lives was 'nil' as per Schedule II of the Companies Act, 201 (Refer Note: 2.2)	1 84
	Total	**1 37 86**

Deferred tax asset and deferred tax liabilities have been offset wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relating to the same taxation authority.

2.11 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Secured considered good, unless otherwise stated:		
Hypothecation Loan	**37 32**	1 40 60
Demand Promissory Notes (Un-secured)	**1 91**	-
Total	**39 23**	1 40 60

The summary of the receivables from Hypothecation Loan appear in the financial statements in the manner shown below:

(Rs. in '000)

Name of the element in Financials	Reference Note No	Particulars	As at 31-Mar-15	As at 31-Mar-14
Long Term Receivables from Financing Activities	**2.11**	Hypothecation Loan	**37 32**	1 40 60
Receivables from Financing Activities	**2.16**	Principal outstanding in current maturity of Hypothecation Loan	**782 62 52**	676 63 06
Total			**782 99 84**	678 03 66

2.12 LONG TERM LOANS AND ADVANCES

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Unsecured, considered good		
Security deposits	**16 75**	9 97
Total	**16 75**	9 97

2.13 OTHER NON - CURRENT ASSETS

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Gratuity Plan Asset*	**67 57**	**-**
Total	**67 57**	-

*Refer Note 2.7 - Short Term Provisions and Note No 3 - Defined Benefit Plans- Gratuity Valuation

2.14 CURRENT INVESTMENTS

(Rs in '000)

Particulars	Face value (in Rs)	As at 31-Mar-2015		As at 31-Mar-2014	
		Holding (No.)	Cost	Holding (No.)	Cost
Investment in Equity Instruments					
Bosch Limited	10	24	1 48	43	2 09
Cairn India Ltd	10	-	-	497	1 50
Eicher Motor Ltd	10	72	1 60	72	1 60
United Spirits	10	90	2 21	-	-
HDFC Bank Ltd.	2	535	1 09	624	1 28
HDFC Ltd.	2	357	1 45	357	1 45
Hero Motocorp Ltd	2	95	77	96	78
Infosys Technologies	5	-	-	105	1 32
Larsen & Toubro Ltd	2	195	49	209	49
Nestle India	10	-	-	64	1 96
Divs Laboratories Ltd	2	-	-	154	1 82
Bharat Forge Ltd	2	263	3 36	-	-
State Bank Of India	1	1 450	2 52	146	2 53
Tech Mahindra Ltd	5	764	3 03	196	3 10

Asian Paints	1	429	2 13	439	2 17
Tata Consultancy Services	1	144	3 04	-	-
Sun Pharmaceuticals	1	721	5 35	-	-
Total			**28 52**		**22 09**

The details regarding the quoted investments are as follows:

(Rs in '000)

Particulars	Basis of Valuation	Market Value As at 31-March-15
Investments in quoted Equity Instruments	Cost or Market Value, whichever is less	**63 46**

2.15 CASH AND CASH EQUIVALENTS

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Balances with banks		
in Current accounts	**2 29 21**	7 36 56
in Deposit accounts	**3 92 00**	52 00
Cash on Hand	**24**	3 30
Others- balance with banks in current accounts		
Unclaimed Dividend Accounts	**36 26**	32 06
Total	**6 57 71**	8 23 92

(Rs in '000)

Particulars	As At 31-Mar-15	As At 31-Mar-14
In Current Accounts		
Axis Bank	**2 60**	1 91 84
State Bank of India	**17 35**	70 32
Dhanlaxmi Bank	**11 00**	5 29
Indusind Bank	**1 07**	1
Ing Vysya Bank	**5**	9 75
HDFC Bank	**1 00 13**	1 10 19
ICICI Bank	**3 65**	1 11 40
IDBI Bank	**2 79**	9 28
Kotak Mahindra	**3 65**	11 49
South Indian Bank	**88**	88
City Union Bank	**-**	5 27
Indian Overseas Bank	**4 18**	2 10 84
Lakshmi Vilas Bank	**1 62**	-
State Bank of Travancore	**46 90**	-

YES Bank	**28 82**	-
State Bank of Hyderabad	**4 52**	-
Sub total	**2 29 21**	7 36 56

In Deposit Account

Deposit having maturity date of more than 3 months		
Axis Bank Limited	**52 00**	52 00
Lakshmi Vilas Bank	**2 40 00**	-
Dhanalaxmi Bank	**1 00 00**	-
Sub total	**3 92 00**	52 00

In Unclaimed Dividend Accounts

HDFC Bank	**36 26**	32 06
Sub total	**36 26**	32 06

2.16 RECEIVABLES FROM FINANCING ACTIVITIES

(Rs in '000)

Particulars	As at	
	31-Mar-15	**31-Mar-14**
(Secured, considered good unless otherwise stated)		
Principal outstanding in current maturity of:		
Hypothecation Loan	**783 33 57**	687 55 27
Less: Loan Sellout of Receivables from Financing Activities taken in favor of Dhanlaxmi Bank Limited*	**(71 05)**	(10 92 21)
	782 62 52	676 63 06
Loan Buyout-Two Wheeler Portfolio**	**5 26 29**	-
Loan Buyout-Micro Finance Portfolio***	**29 99 97**	-
Other Loans		
Gold Loan (Secured but fully provided)	**14 22**	14 80
Demand Promisory Notes (Unsecured)	**7 26 01**	1 34 51
Demand Promisory Notes (Secured)	**2 31 41**	-
Loan against Public Deposits	**97 35**	6 00
Loan against Debenture	**10 41**	41 05
Interest Accrued on:		
Hypothecation Loan	**11 45 06**	10 57 72
Loan against Public Deposits	**1 77**	6
Loan against Debenture	**97**	3 63
Total	**840 15 98**	689 20 83

(Rs in '000)

Particulars	As at	
	31-Mar-15	**31-Mar-14**
Loan Buyout **		
Two Wheeler Portfolio		
Finvent Finance and Investments Limited	**2 89 80**	**-**

Chaitanya India Fin Credit Pvt Ltd	**2 36 49**	**-**
Sub Total	**5 26 29**	**-**
Microfinance Portfolio		
Muthoot Fincorp Limited ***	**29 99 97**	-
Total	**35 26 26**	-

*** *A related concern*

***Loan taken from Dhanlaxmi Bank Ltd against sellout of Receivables from Financing Activities in favor of the Bank.**

The company has availed finance against the sellout of receivables in favour of Dhanlaxmi Bank Limited. As per the arrangement for the above mentioned loan transaction, the company received an amount of Rs.37 25 84 thousand from the bank repayable in 34 monthly instalments. The balance outstanding as on March 31, 2015 is Rs.71 05 thousand (March 31, 2014 Rs. 10 92 21 thousand). The rate of interest payable for the loan is 13% per annum on the diminishing balance.

Refer Note 8 - Particulars of the Loan taken from Dhanlaxmi Bank Limited against the sellout of Receivables from Financing Activities in favour of Dhanlaxmi Bank Limited.

****Loan Buyout**

The company has entered into arrangements with Muthoot Fincorp Limited, Finvent Finance and Investments Limited and Chaitanya India Fin Credit Pvt Ltd, for the buyout of receivables against Micro Finance Portfolio and receivables against financing of two wheeler portfolios respectively. The rate of interest receivable on the loan buyouts is 16% per annum on the diminishing balance

Refer: Note 9- Particulars of Buyout of Receivables from Other NBFCs

Maturity Pattern of Hypothecation Loan:

(*Rs. in '000)*

	For the Financial Year 2014-2015				**For the Financial Year 2013-2014**			
	Current Maturities		**Non Current**	**Total**	**Current Maturities**		**Non Current**	**Total**
	2015-2016*	**2016-2018**	**Beyond Mar'18**		**2014-2015***	**2015-2017**	**Beyond Mar'17**	
Hypothecation Loan	**527 15 53**	**255 46 99**	**37 32**	**782 99 84**	411 99 81	264 63 25	1 40 60	678 03 66
Total	**527 15 53**	**255 46 99**	**37 32**	**782 99 84**	411 99 81	264 63 25	1 40 60	678 03 66

*Includes amount already due

Maturity Pattern of Buyout Loans

(*Rs. in '000)*

Name of the Party	**For the Financial Year 2014-2015**	**For the Financial Year 2013-2014**

	2015-2016	2016-2018	Beyond Mar'18	Total	2014-2015	2015-2017	Beyond Mar'17	Total
Finvent Finance and Investments Ltd	2 23 66	66 14	-	2 89 80	-	-	-	-
Chaitanya India Fin Credit Pvt Ltd	2 10 37	26 12	-	2 36 49	-	-	-	-
Muthoot Fincorp Limited	23 81 91	6 18 06	-	29 99 97	-	-	-	-
Total	28 15 94	7 10 32	-	35 26 26	-	-	-	-

2.17 SHORT TERM LOANS AND ADVANCES

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
(Unsecured, considered good unless otherwise stated)		
Others		
Advances to Dealers	**95 20**	98 15
Other Advances	**89 77**	78 69
Tax Refund Receivable	**23 35**	23 35
Service Tax Refund	**5 50**	26 83
Total	**2 13 82**	2 27 02

2.18 OTHER CURRENT ASSETS

(Rs in '000)

Particulars	As at 31-Mar-15	As at 31-Mar-14
Trade Receivables	**31**	1 57
Other Receivables	**3 20**	-
Debts Due by Related Party	**2 12 42**	90 50
Interest Accrued on SLR Deposits / Investments	**35 43**	17 55
Repossessed Asset (Net of Provision)	**53 58**	1 33 54
Total	**3 04 94**	2 43 16

STATEMENT OF PROFIT AND LOSS

2.19 REVENUE FROM OPERATIONS

(Rs in '000)

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Income from Financial Operations		
Hypothecation Loans	**187 78 24**	157 25 72
Loan Buyout	**32 75**	-
Others		
Gold Loan	**55**	60 11
Demand Promisory Notes	**66 13**	29 53
Loan against Public Deposits	**8 07**	10
Loan against Debenture	**3 22**	7 57
Interest Income		
On investments	**83 48**	4 67
On deposits	**8 17**	1 69
On Delayed receipt of collection amount	**67 83**	29 31
Total	**190 48 44**	158 58 70

2.20 OTHER INCOME

(Rs in '000)

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Dividend Income		
From Current Investments	**65**	62
Net gain on sale of investments		
From Current Investments	**7 94**	-
Other Non- operating Income		
Income from Wind Mill Operations	**7 13**	9 32
Excess Provision written back	**40 40**	3 93
Profit on sale of Fixed Assets	**16**	4
Miscellaneous Income	**22 30**	2 62
Interest Income	**1 62**	59
Total	**80 20**	17 12

2.21 EMPLOYEE BENEFITS

(Rs in '000)

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14

Salaries and wages	**28 86 46**	25 74 60
Incentive to employees	**6 27 30**	5 17 58
Contribution to Provident and Other funds	**3 56 05**	2 71 99
Staff welfare expense	**23 37**	13 93
Other Expenses	**36 28**	1 00 15
Total	**39 29 46**	34 78 25

2.22 FINANCE COSTS

(Rs in '000)

Particulars	Year Ended	
	31-Mar-15	31-Mar-14
Interest on borrowings		
Bank Loans	**61 34 44**	51 55 29
Debenture	**1 14 61**	2 33 06
Subordinated Debt	**53 48**	36 76
Public Deposit	**9 55 26**	1 48 61
Loan From Directors	**57 28**	56 72
Other Interest		
Security Deposit	**-**	1 50 41
Others	**3 62 01**	2 63 80
Total	**76 77 08**	60 44 65

2.23 ADMINISTRATIVE AND OTHER EXPENSES

(Rs in '000)

Particulars	Year Ended	
	31-Mar-15	31-Mar-14
Power and Fuel	**26 54**	22 03
Rent	**2 86 49**	2 26 79
Repairs and Maintenance	**15 67**	30 64
Insurance	**61 14**	21 63
Rates & Taxes (excluding taxes on income)	**12 01**	20 82
Business sourcing Incentive	**10 78 12**	12 11 14
Collection Charges	**3 54 59**	2 53 09
Investigation and Professional Charges for Auto loans	**3 75 50**	2 72 49
Business Promotion Expense	**21 97**	30 87
Communication Expenses	**1 23 52**	96 80
Donation	**27**	5 19
Travelling Expenses	**66 26**	72 14
Printing & Stationery	**93 43**	71 98
Advertisement Expenses	**24 51**	39 07
Internal Audit Fees	**7 64**	8 06
Payment to Statutory Auditors	**12 01**	10 01
AGM Expenses	**20**	2 17
Loss on sale of repossessed assets	**9 51 47**	2 23 44

Wind Mill Expense	**3 42**	1 33
Expenditure against Corporate Social Responsibility Activities	**60 00**	10
Miscellaneous Expenses	**32 95**	26 89
Total	**36 07 71**	26 46 68

Payment to Statutory Auditors

(Rs in '000)

Particulars	Year Ended 31-Mar-15	31-Mar-14
Audit fees (including for Limited Review)	**9 07**	7 56
Taxation matters	**1 50**	1 25
Other services	**1 44**	1 20
Total	**12 01**	10 01

Expenditure against Corporate Social Responsibility Activities

(a) Gross Amount required to be spent by the company during the year- Rs. 59 24 thousand.

(b) Amount spent during the year on:

(Rs in '000)

	In Cash	Yet to be paid in Cash	Total
(i) Construction/ Acquisition of any asset	-	-	**-**
(ii) On purposes other than (i) above	60 00	-	**60 00**

2.24 PROVISIONS

(Rs in '000)

Particulars	Year Ended 31-Mar-15	31-Mar-14
Provision against Non Performing Assets	**3 24 75**	1 23 89
Provision against Repossessed Assets	**-**	69 56
Provision against Standard Assets	**34 11**	55 89
Other Provisions	**-**	19 69
Total	**3 58 86**	2 69 03

3. Defined Benefit Plans- Gratuity Valuation

The company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards the gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme and the company has to make contributions under such scheme.

(A) Reconciliation of benefit obligation and plan asset for the year

(Rs in '000)

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
(i) Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**1 31 17**	61 95
Current Service Cost	**57 73**	66 65
Interest Cost	**10 49**	4 95
Benefits paid from fund	**(2 98)**	-
Actuarial Losses/ (Gain)	**(75 02)**	(2 38)
Closing Defined Benefit Obligation	**1 21 39**	1 31 17
(ii) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	**94 25**	42 61
Expected Return on Plan Assets	**12 36**	7 01
Contributions by employer	**85 33**	44 63
Benefits Paid	**(2 98)**	-
Closing Fair Value of Plan Assets	**1 88 96**	94 25

(B) Amount recognized in Balance Sheet

(Rs in '000)

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Present Value of Funded Obligations	**1 21 39**	1 31 17
Fair Value of Plan Assets	**(1 88 96)**	(94 25)
Net Asset/(Liability)*	**67 57**	(36 92)

*Refer Note 2.7 Short term provisions and Note 2.13 Other non current assets

(C) Expense recognized in the Statement of Profit & Loss.

(Rs in '000)

Particulars	**Year Ended 31-Mar-15**	**Year Ended 31-Mar-14**
Current Service Cost	**57 73**	66 65
Interest on defined benefit obligation	**10 49**	4 96
Expected return on plan asset	**(12 36)**	(7 01)
Net Actuarial losses/(gains) recognized in the year	**(75 02)**	(2 38)
Total, included in "Employee Benefits" as shown in Note 2.21"	**(19 16)**	62 22

(D) The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	**Year Ended 31-Mar-15**	**Year Ended 31-Mar-14**
Discount Rate (p.a.)	**8%**	8%
Salary Escalation Rate (p.a.)	**5%**	5%

4. **Details of gold auctions conducted during the financial year:**

(Rs in '000)

Sl. No.	**Branch**	**Total No. of Loan A/c**	**Total Amount Due as on the date of auction (including accrued interest)**	**Value fetched from gold auction (inclusive of VAT)**	**Any Sister Concern Participated**
1	Tirupur	2	1 74	93	No
	TOTAL		**1 74**	**93**	

5. **Related Party Disclosures**

   1. List of Related Parties as on March 31, 2015 is given below:

   A. Particulars of companies/ Firms/Limited Liability Partnerships where control / significant influence exists:-

Sl. No.	**Name of the company /Firm/ LLP**

1	MPG Hotels and Infrastructure Ventures Private Limited
2	Muthoot Fincorp Limited
3	EMMEL Realtors and Developers Private Limited
4	Mariposa Agri Ventures and Hospitalities Private Limited
5	Finance Companies' Association (India)
6	Muthoot Pappachan Chits (India) Private Limited

Sl. No.	Name of the company/Firm/ LLP
7	The Thinking Machine Media Private Limited
8	Calypso Agri Development and Hospitalities Private Limited
9	Mandarin Agri Ventures and Hospitalities Private Limited
10	E L Toro Agri Projects and Hospitalities Private Limited
11	Fox Bush Agri Development and Hospitalities Private Limited
12	Cinnamon Agri Development and Hospitalities Private Limited
13	Pine Pink Agri Ventures and Hospitalities Private Limited
14	L. M. Realtors Private Limited
15	Muthoot Dairies and Agri Ventures Private Limited
16	Jungle Cat Agri Development and Hospitalities Private Limited
17	Buttercup Agri Projects and Hospitalities Private Limited
18	Flame Agri Projects and Hospitalities Private Limited
19	Goblin Agri Projects and Hospitalities Private Limited
20	Alaska Agri Projects and Hospitalities Private Limited
21	Muthoot Holdings Private Limited
22	Muthoot APT Ceramics Limited
23	Muthoot Housing Finance Company Limited
24	Muthoot Automobile Solutions Private Limited
25	Muthoot Agri Development and Hospitalities Private Limited
26	Bamboo Agri Projects and Hospitalities Private Limited
27	Muthoot Automotive (India) Private Limited
28	Muthoot Land and Estates Private Limited
29	Muthoot Buildtech (India) Private Limited
30	Muthoot Properties (India) Limited
31	Muthoot Kuries Private Limited
32	Muthoot Equities Limited
33	Muthoot Hotels Private Limited
34	Muthoot Agri Projects and Hospitalities Private Limited
35	Muthoot Motors Private Limited
36	Muthoot Infrastructure Private Limited
37	The Right Ambient Resorts Private Limited
38	Muthoot Pappachan Technologies Limited
39	Muthoot Pappachan Medicare Private Limited
40	Muthoot Exim Private Limited
41	Palakkad Infrastructure Private Limited
42	Muthoot Risk Insurance and Broking Services Private Limited
43	Muthoot Bankers
44	Muthoot Cine Enterprise
45	Muthoot Estate Investments
46	Muthoot Finance Company
47	Muthoot Insurance Services

48	Muthoot Motors (Cochin)
49	MPG Apex Management LLP
50	MPG Automobiles LLP
51	MPG Land Developers LLP
52	Muthoot Pappachan Foundation

B. Promoters and Key Managerial Personnel

Sl No.	Name of the Person	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	R. Manomohanan	Chief Executive Officer
5	Vinod Kumar M Panicker	Chief Finance Officer
6	Syam Kumar R	Company Secretary & Head- Governance

C. Relatives of Promoters and Key Managerial Personnel

Sl No.	Key Managerial Person/ Promoter	Name of Relative	Nature of Relationship
1	Thomas John Muthoot	Mrs. Janamma Thomas	Mother
		Mrs. Preethi John	Spouse
		Ms. Susan John Muthoot	Daughter
		Mr. Thomas M John	Son
2	Thomas George Muthoot	Mrs.Nina George	Spouse
		Ms. Tina Suzanne George	Daughter
		Ms. Ritu Elizabeth George	Daughter
		Ms. Swetha Ann George	Daughter
3	Thomas Muthoot	Mrs. Remy Thomas	Spouse
		Ms. Suzannah Muthoot	Daughter
		Ms. Hannah Muthoot	Daughter
4	R Manomohanan	Mrs. S Krishnakumari	Spouse
		Mr. Binu Mohan M	Son
		Mr. Ginu Mohan M	Son
5	Vinod Kumar M Panicker	Mrs. Rashmi V Panicker	Spouse
		Ms. Priyanka V Panicker	Daughter
		Ms. Ananya V Panicker	Daughter
6	Syam Kumar R	Mrs. Maya R Unnithan	Spouse
		Ms. Nandini Syamkumar	Daughter
		Mr. Nandan Syamkumar	Son

i. **Details relating to transactions with parties referred to in Item (A):**

(Rs in '000)

Particulars	Name of the Related Party	2014-15	2013-2014
Income:			
Income from Wind Mill Operations	Muthoot Bankers *	7 13	9 32
Interest Income	Muthoot Fincorp Limited	67 83	29 31
Expenses:			
Interest on MFL Security Deposit	Muthoot Fincorp Limited	-	1 50 41
Brokerage paid for canvassing Public Deposits and Sub Debt	Muthoot Exim Private Limited	1 54 38	81 91
Business Sourcing Incentive	(i) Muthoot Automotive (I) Pvt.Ltd	7	33
	(ii) Muthoot Motors (Cochin)	55 50	27 28
	(iii) Muthoot Motors Pvt Ltd	83	-
	(iv) Muthoot Fincorp Limited *	2 34 31	2 38 36
Collection Charges	Muthoot Fincorp Limited *	3 41 12	1 26 57
Wind Mill Expense	Muthoot Bankers *	3 42	1 33
CSR Expenses	Muthoot Pappachan Foundation	60 00	-
Donation	Muthoot Pappachan Foundation	-	5 00
Travelling Expenses	Muthoot Fincorp Limited	6 58	1 57
Advertisement Expenses	Muthoot Motors	1 23	37
Repairs and Maintenance	Muthoot Fincorp Limited	-	13 82
Rent on Space Sharing	Muthoot Fincorp Limited *	23 25	23 59
Rent	Muthoot Estate Investments	67 58	63 75
Assets:			
Trade Receivables	Muthoot Bankers*	31	1 57
Debts due by Related Party	Muthoot Fincorp Limited	2 12 42	90 50
Rent Deposit	(i) Muthoot Estate Investments	30 17	30 17
	(ii)Muthoot Fincorp Limited *	10 17	10 17
Buyout Loan- Micro Finance Portfolio **	Muthoot Fincorp Limited	29 99 97	-
Liabilities:			
Business Sourcing Incentive Payable	(i) Muthoot Automotive (I) Pvt. Ltd	-	11
	(ii) Muthoot Motors (Cochin)	8 77	17 16
	(iii) Muthoot Motors Pvt Ltd	30	-
Rent Payable	(i) Muthoot Estate Investments	-	4 53
	(ii) Muthoot Fincorp Limited	-	1 67
Amount payable for liability taken over by Related Party	Muthoot Estate Investments	-	5 79

Expenses payable	Muthoot Fincorp Limited	1 03 82	42 90
Brokerage Payable for canvassing Public Deposits and sub debt	Muthoot Exim Private Limited	34 48	42 97
Deposit accepted and repaid during the year	Muthoot Fincorp Limited	-	20 00

* Transactions approved by the shareholders in the Annual General Meeting held on September 3, 2014.

** This amount represents the balance collectable against the Loan Buyout transaction concluded during the year between the company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction an advance was given against the portfolio of loans bought from Muthoot Fincorp Limited at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the Company.

ii. Details relating to transactions with parties referred to in Item (B):

(Rs in '000)

Particulars	Related Party	2014-2015	2013-2014
Expenses:			
Salaries, Allowances and Incentives	(i) Thomas George Muthoot	1 50 00	1 50 00
	(ii) R.Manomohanan	97 28	1 00 46
	(iii)VinodKumar M Panicker	51 69	13 41*
	(iv) Syam Kumar R	12 69	-
PF Contribution	(i) Thomas George Muthoot	9 00	9 00
	(ii) R.Manomohanan	7 20	5 76
	(iii)VinodKumar M Panicker	3 60	1 05*
	(iv) Syam Kumar R	15	-
Reimbursement of Expenses	(i) Thomas George Muthoot	1 62	2 65
	(ii) R.Manomohanan	3 71	2 33
	(iii)VinodKumar M Panicker	3 87	1 06*
Interest on Loan From Director	Thomas George Muthoot	57 28	56 72
Dividend Paid	(i) Thomas John Muthoot	1 28 29	1 14 04
	(ii) Thomas George Muthoot	1 28 09	1 13 86
	(iii) Thomas Muthoot	1 25 86	1 11 88
	(iv)R. Manomohanan	2	1 20
Rent Paid	Thomas George Muthoot	1 72 73	1 24 00
Security Charges	Thomas George Muthoot	15	37
Assets:			
Rent Deposit	Thomas George Muthoot	25 00	25 00
Liabilities:			
Loan from Directors	Thomas George Muthoot	2 73 05	8 21 30
Rent Payable	Thomas George Muthoot	14 79	-
Maximum amount due in transaction with directors		8 72 92	8 21 30

* Salary for 3.5 months during the year 2013-14

iii. Details relating to transactions with relatives of Key Managerial Personnel

(Rs in '000)

Particulars	Relationship	2014-2015	2013-2014
Dividend Paid	Relatives of key managerial person	**38 20**	41 09

6. LEASES

Obligation on Long Term Non cancellable operating leases

The Lease rentals charged during the period and the maximum obligation on long term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

(Rs in '000)

Sl No	Particulars	Transaction for the Year 2014-15	Transaction for the Year 2013-14
1	Lease rentals recognized during the period	**2 79 80**	2 23 17
2	Lease obligations payable		
	Not later than one year	**3 06 24**	1 75 47
	Later than one year and less than five years	**3 87 45**	1 48 96
	Later than five years	**86 67**	33 51
	Total	**10 60 16**	5 81 11

The operating lease arrangements are renewable on a periodic basis and relates to rented premises.
The lease agreements have price escalation clauses.

7. Basis of Classification of Assets and Liabilities

During this year, the receivables against financing activities have been treated as current assets following the principle that the operating cycle of the company is 3 years, being the time required for realisation of the loans granted for the purchase of 2 wheelers/ Other Assets.
Accordingly, the borrowings taken from the banks and other sources repayable within a period of the operating cycle of 3 years are also treated as current liabilities.

In the previous year, the receivables against financing activities beyond the period of 1 year were treated as non-current assets and the borrowings/ other liabilities due to the banks/ other institutions beyond the period of 1 year were also treated as non-current liabilities.

The particulars of current and non-current assets/ liabilities, following the method adopted during the previous year, are given below for the purpose of information and to know the effect of the change of method adopted with regard to classification of assets and liabilities:

(Rs in '000)

Particulars	2014-15			2013-14		
	Current*	Non-Current	Total	Current*	Non-Current	Total
Assets						
Receivable from Hypothecation	538 60 59	255 84 31	794 44 90	422 57 52	266 03 85	688 61 37
Other Advances	38 25 67	7 84 63	46 10 30	2 00 06	-	2 00 06
Total	**576 86 26**	**263 68 94**	**840 55 20**	**424 57 58**	**266 03 85**	**690 61 43**
Liabilities						
Fixed Deposit	64 47 56	49 09 97	113 57 53	33 02 44	26 83 75	59 86 19
Debentures	3 11 77	4 48 15	7 59 92	9 06 86	6 76 82	15 83 68
Subordinated Debt	83	4 45 87	4 46 70	83	2 83 02	2 83 85
Loan from Directors	2 73 05	-	2 73 05	8 21 30	-	8 21 30
Inter Corporate Deposit	1 30 07	-	1 30 07	-	-	-
Bank- Loan Facility	552 76 42	30 37 79	583 14 21	453 73 08	35 95 91	489 68 99
Total	**624 39 70**	**88 41 78**	**712 81 48**	**504 04 51**	**72 39 50**	**576 44 01**

*Includes amount already due.

Note: The above table includes interest accrued.

8. Particulars of the Loan taken from Dhanlaxmi Bank Limited against the sellout of Receivables from Financing Activities in favor of Dhanlaxmi Bank Limited

(Rs in '000)

Sl No	Particulars	Amount
1	Total value of the assets covered by the transaction as per the books of accounts of the company	**41 39 82**
2	Total amount of Loan availed from Dhanlaxmi Bank Limited against the sale of the receivable from Financing activities	**37 25 84**
3	Margin money provided by the company for the loan	**4 13 98**

As per the arrangement for the above mentioned loan transaction, the company received an amount of Rs.37 25 84 thousand from the bank repayable in 34 monthly instalments.

The rate of interest payable for the loan is 13% per annum on the diminishing balance.

The book debts, being Receivables from Financing Activities, for an amount of Rs.37 25 84 thousand were assigned by the company in favour of the bank. Accordingly the amount shown in the balance sheet under Receivables from Financing Activities is net off the Receivables from Financing Activities of Rs. 41 39 82 thousand assigned in favour of the bank less margin money of Rs. 4 13 98 thousand provided by the company.

Accordingly in the Balance Sheet, the amount of Rs.71 05 thousand (gross receivables is Rs.78 95 thousand) outstanding against the loan received from Dhanlaxmi Bank Limited is reduced from the Gross Receivables by way of Hypothecation loans and the net amount of Rs: 7 82 62 52 thousand is shown as Receivables From Financing Activities.

The management is of the opinion that this is a regular loan transaction and hence does not come under the classification of secuitization as prescribed in circular no. DNBS.(PD).NO.301/3.10.01/2012-13 dated 21.08.2012 issued by Reserve Bank of India.

However, the full particulars regarding the transaction are furnished as a matter of abundant caution and with a view to ensure more transparency in relation to disclosures to be made in the Financial Statements as per the RBI Guidelines.

Refer Note – 2.16 Receivables from Financing Activities

9. Particulars of buyout of Receivables from other NBFCs

(Rs in '000)

Sl No	Name of the NBFC	Particulars	Amount
1	Muthoot Fincorp Limited*	Total value of the assets covered by the transaction as per the books of accounts of the company	**31 57 86**
		Total amount of Loan disbursed to Muthoot Fincorp Limited against the purchase of receivable from Micro Finance Portfolio	**29 99 97**
		Minimum Retention Requirement (MRR) retained by the purchaser	**1 57 89**
		Door-to-Door maturity of the pool	**22 months**
2	Finvent Finance and Investments Limited	Total value of the assets covered by the transaction as per the books of accounts of the company	**4 73 42**
		Total amount of Loan disbursed to Finvent Finance and Investments Limited against the purchase of receivable from Two Wheeler Portfolio	**4 32 15**
		Minimum Retention Requirement (MRR) retained by the purchaser	**41 27**
		Door-to-Door maturity of the pool	**30 months**
3	Chaitanya India Fin Credit Pvt Ltd	Total value of the assets covered by the transaction as per the books of accounts of the company	**2 95 56**
		Total amount of Loan disbursed to Chaitanya India Fin Credit Pvt Ltd against the purchase of receivable from Two Wheeler Portfolio	**2 79 76**
		Minimum Retention Requirement (MRR) retained by the purchaser	**15 80**
		Door-to-Door maturity of the pool	**20 months**

*Muthoot Fincorp Limited is a Related Concern.

This amount represents the balance collectable against the Loan Buyout transaction concluded during the year between the company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction an advance was given against the portfolio of loans bought from Muthoot Fincorp at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the company.

The book debts have been assigned by the said companies in favour of the company Muthoot Capital Services Limited. Accordingly the amounts against the book debts are shown in the balance sheet under the head Receivables from Financing Activities.

Refer Note - 2.16 Receivables from Financing Activities.

10. EMPLOYEES DRAWING REMUNERATION IN EXCESS OF RS. 5 LAKHS PER MONTH FOR PART OR WHOLE OF THE YEAR

(i) Mr. Thomas George Muthoot, Managing Director, was paid Salary and allowances of Rs.160 62 thousand, during the year ended 31st March,2015 (2014: Rs.1 61 65 thousand).

(ii) Mr. R. Manomohanan, Chief Executive Officer, was paid salary, allowances and commission on profits of Rs.1 08 19 thousand during the year ended 31st March, 2015. (2014: Rs. 1 08 55 thousand).

11. EARNING PER SHARE

Particulars	As at	
	31-Mar-15	**31-Mar-14**
Net profit or loss for the year attributable to equity shareholders (in Rs '000)	**22 29 15**	22 20 56
Weighted average number of equity shares (in '000)	**1 24 73**	1 24 73
Basic Earnings per share	**17.87**	17.80

12. CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs in '000)

Particulars	As at	
	31-Mar-15	**31-Mar-14**
Income Tax issues where the Company is in appeal	**23 58**	23 58

The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defense.

13. GENERAL

(i) Some of Receivables and Payables, Loans and Advances, Hypothecation loans, Deposits, Secured Debentures and Unsecured Loans are subject to confirmation/reconciliation due to non receipt of the statement of accounts and confirmation letters. Necessary adjustments, if any, in the accounts will be made on completion of the reconciliation/receipt of confirmation letters/statement of accounts.

(ii) **Amount Payable To Micro, Small And Medium Enterprises**

There is no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises

Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosure has been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(iii) **Particulars showing maturity pattern of secured privately placed redeemable non-convertible debentures**

Secured by a charge on all movable assets, book debts, receivables and advances including loan against gold created by the Company.

(in Rs.'000)

Series No	Financial Year of Maturity	Number of Debentures (in No.'s)	Amount
B	2014-15	10	10
	Sub Total	**10**	**10**
E	2014-15	2 78	2 78
	2015-16	6	6
	Sub Total	**2 84**	**2 84**
F	2015-16	18 49	18 49
	Sub Total	**18 49**	**18 49**
G	2015-16	12 52	12 52
	Sub Total	**12 52**	**12 52**
H	2010-11	2	2
	2015-16	7 93	7 93
	2016-17	30 68	30 68
	Sub Total	**38 63**	**38 63**
I	2015-16	13 90	13 90
	2016-17	11 65	11 65
	Sub Total	**25 55**	**25 55**
J	2011-12	11	11
	2016-17	25 28	25 28
	Sub Total	**25 39**	**25 39**
K	2011-12	2	2
	2015-16	50	50
	2016-17	4 62	4 62
	Sub Total	**5 14**	**5 14**
M	2012-13	60	60
	2014-15	10	10
	2016-17	58 59	58 59
	2017-18	25 00	25 00
	Sub Total	**84 29**	**84 29**
N	2012-13	38	38
	2014-15	12	12
	2015-16	35 43	35 43
	2017-18	86 17	86 17
	Sub Total	**1 22 10**	**1 22 10**

P	2013-14	1 19	1 19
	2015-16	39 08	39 08
	2017-18	4 00	4 00
	Sub Total	**44 27**	**44 27**
R	2013-14	7 32	7 32
	2014-15	2 45	2 45
	2015-16	86 07	86 07
	2016-17	36 76	36 76
	2018-19	8	8
	Sub Total	**1 32 68**	**1 32 68**
	Grand Total	**5 12 00**	**5 12 00**

Summary of Year Wise Maturity Pattern of the Debentures

(Rs. in '000s)

Financial Year of Maturity	Amount
2010-11	2
2011-12	13
2012-13	98
2013-14	8 51
2014-15	5 55
2015-16	2 13 98
2016-17	1 67 58
2017-18	1 15 17
2018-19	8
Total	**5 12 00**

(iv) Cost Insurance Freight (CIF) value of imports - NIL

(v) Expenditure in foreign currency - NIL

(vi) Earnings in Foreign Currency - NIL

14. REPORTING ON FRAUD

During the year there have been certain instances of fraud on the Company by employees, where in hypothecation loans related misappropriations or cash embezzlements have occurred for amounts aggregating to Rs. 3 79 thousand. The Company recovered Rs.3 33 thousand. The Company is in the process of recovering the balance amounts also from the concerned employees and taking legal actions whereever possible.

15. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007.

Liabilities side:

1. **Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**

(Rs. in '000)

Sl No	Particulars	Amount	Amount

		Outstanding	Overdue
a)	Debentures : Secured	7 59 92	19 66
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of public deposits)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans		
	Dhanlaxmi Bank Limited	28 36 65	Nil
	YES Bank	15 25 48	Nil
	IDBI Bank	20 00 00	Nil
d)	Inter- corporate loans and borrowings	1 30 07	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	113 57 53	3 46 56

Sl No	Particulars	Amount Outstanding	Amount Overdue
g)	Other loans		
	Sub Debt	4 46 70	Nil
	Working Capital Demand Loan		
	ICICI Bank Ltd	25 00 00	Nil
	HDFC Bank Ltd	20 07 89	Nil
	State Bank of India	90 89 84	Nil
	State Bank of Travancore	109 07 51	Nil
	Kotak Mahindra Bank Ltd	15 02 90	Nil
	IndusInd Bank Ltd	9 50 00	Nil
	Federal Bank	12 11 21	Nil
	State Bank of Hyderabad	34 95 10	Nil
	YES Bank	10 00 00	Nil
	Cash Credit		
	Federal Bank Ltd	2 82 68	Nil
	Andhra Bank	44 81 44	Nil
	State Bank of India	32 57	Nil
	Dhanlaxmi Bank	9 99 12	Nil
	City Union Bank	9 93 46	Nil
	Corporation Bank	29 58 58	Nil
	South Indian Bank Ltd	66 56 55	Nil
	Lakshmi Vilas Bank	24 59 46	Nil
	Axis Bank	4 23 76	Nil
	Loans and Advances From Directors (Unsecured)	2 73 05	Nil
	Total	**712 81 47**	**3 66 22**

Note 1 – Overdue of Rs. 19 66 thousand in respect of secured debentures represents debentures for which payments could not be made as claims were not received from debenture holders.

Note 2 – Overdue of Rs. 3 46 56 thousand in respect of public deposits includes deposits of Rs.1 59 79 thousand pending renewal and deposits of Rs.1 86 77 thousand for which payments could not be made as claims were not received from deposit holders.

Note 3 - The above mentioned Loans do not include the loan of Rs.71 05 thousand (Balance Outstanding as on 31.03.2014; Rs.10 92 21 thousand)due to Dhanlaxmi Bank against the sellout of Receivables from Financing Activities in favor of Dhanlaxmi Bank Limited.

Note 4- Balance outstanding against amounts borrowed from banks is inclusive of Interest accrued but not due.

2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

(Rs. in '000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
a)	In the form of Unsecured debentures	Nil	Nil
b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other public deposits	1 13 57 53	3 46 56

Assets Side:

3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

(Rs. in '000)

Sl No	Particulars	Amount Outstanding
(a)	Secured	38 82 39
(b)	Unsecured	7 27 92

4. Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities:

(Rs. in '000)

Sl No	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	1 46 57
	(b) Loans other than (a) above	7 94 44 90

5. Break-up of Investments:

(Rs. in '000)

Sl No	Particulars	Amount Outstanding	Market value

	Current Investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	28 52	63 46
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	13 24 94	13 80 35
	(v) Others		
	Gold Exchange traded fund of UTI	19	49
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Total	**13 53 65**	**14 44 30**

6. Borrower group-wise classification of all leased assets, stock - on - hire and loans and advances:

(Rs. in '000)

Sl No	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group*	29 99 97	Nil	29 99 97
	(c) Other related parties	Nil	Nil	Nil
2	Other than related parties	7 98 66 34	7 27 59	8 05 93 93
	Total	**8 28 66 31**	**7 27 59**	**8 35 93 90**

* This amount represents the balance collectable against the Loan Buyout transaction concluded during the year between the company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction an advance was given against the portfolio of loans bought from Muthoot Fincorp Limited at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the Company.

7. Investors group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. in '000)

Sl No	Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of provisions)
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2	Other than related parties	14 44 30	13 53 65
	Total	**14 44 30**	**13 53 65**

8. Other Information:

(Rs. in '000)

Sl No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	32 68 64
(ii)	Net Non –Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	27 53 75
(iii)	Assets acquired in satisfaction of debt (After provision of Rs.93 Lakhs for diminution in the value of repossessed assets)	53 57

9. Asset Classification

(Rs. in '000)

Sl No	Category	Amount
1	Standard	808 57 95
2	Substandard	30 21 56
3	Doubtful	2 32 86
4	Loss Assets	14 22
	Total	**841 26 59**

16. DISCLOSURES REQUIRED IN ACCORDANCE WITH REVISED REGULATORY FRAMEWORK ISSUED BY RBI FOR NON BANKING FINANCIAL COMPANIES (NBFC'S) ON NOV 10, 2014 AND THE RELATED NOTIFICATION DATED MARCH 27, 2015 (COLLECTIVELY REFERRED TO AS 'THE FRAMEWORK')

A. Capital

Particulars	March 31, 2015	March 31, 2014
i) Capital to Risk Weighted Asset Ratio (%)	15.97%	17.32%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	15.40%	16.79%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	0.57%	0.54%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value) (Rs. in 000s)	276 08	206 66
v) Amount raised by issue of Perpetual Debt Instruments	-	-

Discounted value of Subordinated debts *(Rs. In '000)*

Remaining maturity of Instruments	Rate of Discount	March 31, 2015		March 31, 2014	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	-	-	-	-
More than 1 year but upto 2 years	80%	-	-	-	-
More than 2 years but upto 3 years	60%	-	-	-	-
More than 3 years but upto 4 years	40%	258 32	154 99	-	-
More than 4 years but upto 5 years	20%	-	-	258 32	206 66
More than 5 years	0%	121 09	121 09	-	-
Total		**379 41**	**276 08**	**258 32**	**206 66**

B. Investments

(Rs. in 000)

	Particulars	March 31, 2015	March 31, 2014
(1)	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	13 53 66	7 07 23
	(b) Outside India,	Nil	Nil
	(ii) Provisions for Depreciation		
	(a) In India	Nil	Nil
	(b) Outside India,	Nil	Nil
	(iii) Net Value of Investments		

	(a) In India	13 53 66	7 07 23
	(b) Outside India,	Nil	Nil
(2)	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	Nil	Nil
	(ii) Add : Provisions made during the year	Nil	Nil
	(iii) Less : Write-off / write- back of excess provisions during the year	Nil	Nil
	(iv) Closing balance	Nil	Nil

C. Derivatives

(i) Forward Rate Agreement or Interest Rate Swap

(Rs. in 000)

	Particulars	2014-2015	2013-2014
(1)	The notional principal of swap agreements	Nil	Nil
(2)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	Nil	Nil
(3)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(4)	Concentration of credit risk arising from the swaps	Nil	Nil
(5)	The Fair value of the swap book	Nil	Nil

(ii) Exchange Traded Interest Rate (IR) Derivatives

(Rs. in 000)

S. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR Derivatives undertaken during the year (Instrument-wise)	Nil
(ii)	Notional principal amount of exchange traded IR Derivatives outstanding as on 31st March, 2015 (Instrument Wise)	Nil
(iii)	Notional principal amount of exchange traded IR Derivatives outstanding and not "highly effective" (Instrument wise)	Nil
(iv)	Mark- to market value of exchange traded IR derivatives outstanding and not "highly effective" (Instrument wise)	Nil

(iii) Disclosures on Risk Exposure in derivatives

Qualitative Disclosures

Nil

Quantitative Disclosures

(Rs. in 000)

Sl. No	Particulars	Currency Derivatives	Interest Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For Hedging	Nil	Nil

(ii)	Marked to Market Positions [1]		
	(a) Asset (+)	Nil	Nil
	(b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

D. Disclosures relating to Securitization

(A) SPVs and minimum Retention Requirements

(Rs. in 000)

S. No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitisation transactions*	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored	Nil
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet	
(a)	Off-balance sheet exposures	
	First loss	Nil
	Others	Nil
(b)	On-balance sheet exposures	
	First loss	Nil
	Others	Nil
4	Amount of exposures to securitisation transactions other than Minimum Retention Requirement (MRR)	
(a)	Off-balance sheet exposures	
(i)	Exposure to own securitizations	
	First loss	Nil
	Other	Nil
(ii)	Exposure to third party securitisations	
	First loss	Nil
	Others	Nil
(b)	On-balance sheet exposures	
(i)	Exposure to own securitisations	
	First loss	Nil
	Others	Nil
(ii)	Exposure to third party securitisations	
	First loss	Nil
	Others	Nil

*Only the SPVs relating to outstanding securitisation transactions may be reported here

(B) Details of Financial Assets sold to Securitisation or Reconstruction Company for Asset Reconstruction

(Rs. in 000)

Sl No	Particulars	2014-2015	2013-2014
(i)	Number of Accounts	Nil	Nil
(ii)	Aggregate value(Net of provisions) of Accounts sold to SC/ RC	Nil	Nil
(iii)	Aggregate Consideration	Nil	Nil
(iv)	Additional Consideration Realized in respect of Accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/ loss over net book value	Nil	Nil
(vi)	Balance outstanding as at the end of the year	Nil	Nil

(C) Details of Assignment Transactions undertaken by NBFCs

(Rs. in 000)

	Particulars	2014-2015	2013-2014
(i)	Number of Accounts	5126	5126
(ii)	Aggregate Value (net of provisions) of accounts sold	41 39 82	41 39 82
(iii)	Amount of Exposures retained by the company towards minimum retention requirement	4 13 98	4 13 98
(iv)	Amount of Exposures for assignment other than the minimum retention requirement	37 25 84	37 25 84
(v)	Additional Consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(vi)	Aggregate gain/ loss over net book value	Nil	Nil
(vii)	Balance outstanding as at the end of the year	71 05	10 92 21

E. Details of Non Performing Financial Assets purchased or sold

A. Details of purchase of Non Performing Financial Assets

(Rs. in 000)

	Particulars	2014-2015	2013-2014
1	(a) Number of Accounts Purchased during the year	Nil	Nil
	(b) Aggregate Outstanding	Nil	Nil
2	(a) Of these, Number of Accounts restructured during the year	Nil	Nil
	(b) Aggregate Outstanding	Nil	Nil

B. Details of sale of Non Performing Financial Assets

(Rs. in 000)

	Particulars	2014-2015	2013-2014
1	Number of Accounts sold	Nil	Nil
2	Aggregate Outstanding	Nil	Nil
3	Aggregate Consideration Received	Nil	Nil

F. **Asset Liability Management- Maturity Pattern of certain items of Assets and Liabilities**

(Rs. in 000)

Particulars	Up to 30/31 days	Over 1 months upto 2 months	Over 2 months upto 3 months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Assets									
Receivable from Hypothecation	107 63 14	46 11 38	45 24 88	128 76 80	210 84 39	255 46 99	37 32	-	794 44 90
Other Advances	4 58 18	3 79 68	3 58 54	8 71 40	17 57 87	7 42 23	42 40	-	46 10 30

Total	**112 21 32**	**49 91 06**	**48 83 42**	**137 48 20**	**228 42 26**	**262 89 22**	**79 72**	**-**	**840 55 20**
Investments	28 52	-	-	-	-	-	8 35 44	4 89 69	13 53 65
Total	**28 52**	**-**	**-**	**-**	**-**	**-**	**8 35 44**	**4 89 69**	**13 53 65**
Borrowings									
Public Deposit	9 22 56	7 25 80	5 06 39	6 87 51	36 05 30	40 06 24	9 03 73	-	113 57 53
Debentures	38 40	13 95	50 98	55 23	1 53 21	4 48 05	10	-	7 59 92
Subordinated Debt	72	-	11	-	-	-	3 13 43	1 32 44	4 46 70
Loan from Directors	-	-	-	-	2 73 05	-	-	-	2 73 05
Inter Corporate Deposit	-	-	1 30 07	-	-	-	-	-	1 30 07
Bank- Loan Facility	29 12 28	111 56 55	79 85 45	175 94 99	156 27 15	30 37 79	-	-	583 14 21
Total	**38 73 96**	**118 96 30**	**86 73 00**	**183 37 73**	**196 58 71**	**74 92 08**	**12 17 26**	**1 32 44**	**712 81 48**

G. Exposures

(I) Exposure to Real Estate Sector

(Rs. in 000)

Category	2014-15	2013-14
(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	Nil	Nil
(ii) Commercial Real Estate-		
Lending Secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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 limits.	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
(a) Residential	Nil	Nil
(b) Commercial Real Estate	Nil	Nil
Total Exposure to Real Estate Sector	**Nil**	**Nil**

* The company has also lent unsecured loans to Real Estate Sector amounting to Rs.4 06 40 thousand.

(II) Exposure to Capital Market

(Rs. in 000)

	Particulars	2014-2015	2013-2014
(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;	28 52	22 09
(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 or convertible bonds or convertible debentures or units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil

(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares or bonds or 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 or issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**28 52**	**22 09**

(III) Unsecured Advances

The unsecured Loans against Demand Promissory Notes (DPN) executed by the borrowers and outstanding as at 31.03.2015 is Rs. 7 27 92 thousand (as at 31.03.2014 Rs. 1 34 51 thousand).

H. Details of financing of parent company products - NIL

I. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company - NIL

J. Registration obtained from other financial sector regulators - NIL

K. Disclosure of Penalties imposed by Reserve Bank of India and other regulators - NIL

L. Ratings Assigned by Credit Rating Agencies and migration of ratings during the year

Sl No.	Name of the Rating Agency	Rated Instrument	Rating
1	CRISIL	Short Term Debt	CRISIL A1
2	CRISIL	Public Deposit	FA Stable
3	CRISIL	Bank Loan Facility	CRISIL A/ Stable

M. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss

(in Rs. 000)

Provisions and Contingencies	2014-2015	2013-2014
Provisions for depreciation on Investment	-	-
Provision towards NPA	3 24 75	1 23 89
Provision made towards Income tax	13 23 00	11 78 00
Other Provision and Contingencies	-	89 25
Provision for Standard Assets	34 11	55 89
Total	**16 81 86**	**14 47 03**

N. Concentration of Deposits, Advances, Exposures and NPAs

(a)Concentration of Deposits (for deposit taking NBFCs)

(Rs. in 000)

Total Deposits of twenty largest depositors	4 07 75
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	3.71%

(b) Concentration of Advances

(Rs. in 000)

Total Advances to twenty largest borrowers	45 32 74
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	5.47%

(c)Concentration of Exposures

(Rs. in 000)

Total Exposure to twenty largest borrowers / customers	45 32 74
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	5.47%

(d) Concentration of NPAs

(Rs. in 000)

Total Exposure to top four NPA accounts	6 41

(e) Sector-wise NPAs

(Rs. in 000)

Sl No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities (Against Gold Security)	100%
2	MSME	0%
3	Corporate borrowers	0%
4	Services	0%
5	Unsecured personal loans	0.03%
6	Auto loans	4.16%
7	Other personal loans	0%

(f) Movement of NPAs

(Rs. in 000)

	Particulars	2014- 2015	2013- 2014
(i)	**Net NPAs to Net Advances (%)**	3.32%	1.96%
(Ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	15 40 33	4 55 53
(b)	Additions during the year	34 15 40	16 65 94
(c)	Reductions during the year	16 87 09	5 81 14
(d)	Closing balance	32 68 64	15 40 33
(iii)	**Movement of Net NPA's**		
(a)	Opening balance	13 50 19	3 97 97
(b)	Additions during the year	30 90 57	15 31 35
(c)	Reductions during the year	16 87 01	5 79 13
(d)	Closing balance	27 53 75	13 50 19
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	1 90 14	57 56
(b)	Provisions made during the year	3 24 83	1 34 59
(c)	Write-off / write- back of excess provisions	8	2 01

(d)	Closing balance	5 14 89	1 90 14

O. Overseas Assets (for those with joint ventures and subsidiaries abroad) - NIL

P. Off-balance sheet SPVs sponsored - NIL
(which are required to be consolidated as per accounting norms)

Q. Customer Complaints pertaining to the Financial Year

	Particulars	Number
(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during the year	55
(c)	No. of complaints redressed during the year	52
(d)	No. of complaints pending at the end of the year	3

R. Restructuring of Advances

(Rs. in '000s)

Sl. No	Particulars	Type of restructuring	Under CDR mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Asset classification / Details	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1 of the FY(Opening figures)*	No.of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-	4	-	-	-	4	4	-	-	-	4
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2 50 69	-	-	-	2 50 69	2 50 69	-	-	-	2 50 69
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the FY *	No.of borrowers	-	-	-	-	-	-	-	-	-	-	4	-	-	-	4	4	-	-	-	4
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2 20 00	-	-	-	2 20 00	2 20 00	-	-	-	2 20 00
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of Restructured Accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write offs Restructured Accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured accounts as on March 31, 2015 (Closing Figures)**	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3	3	-	-	-	3
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	30 69	-	-	-	30 69	30 69	-	-	-	30 69
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Includes amount repaid for accounts closed during the year.
** Excluding the figures of Standard Restructured Advances which does not attract higher provisioning or risk weight (if applicable).

17. DISCLOSURE PURSUANT TO CLAUSE 32 AND 41 OF THE LISTING AGREEMENT

(Rs. in '000)

Sl. No.	Loans & Advances	Amount outstanding as at 31.03.2015	Maximum amount outstanding during the year ended March 31, 2015
(A)	To Subsidiaries	NA	NA
(B)	To Associate/Joint Venture	NA	NA
(C)	To Firms/Companies in which directors are interested (other than (A) & (B) above)	NA	NA
(D)	Where there is		
	(I) No repayment schedule	NA	NA
	(ii) Repayment beyond seven years	NA	NA
	(iii) Interest below the rate specified in the Companies Act	NA	NA

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS MUTHOOT
DIRECTOR

Place – Kochi
Date – 25th May, 2015

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY &
HEAD- GOVERNANCE

TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of MUTHOOT CAPITAL SERVICES LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

   d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 7 to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K.VENKATACHALAM AIYER & Co.
Chartered Accountants Firm Regn No: 004610 S
CAA. GOPALAKRISHNAN Partner
Membership No.18159

Place: Kochi

Date: 19th April, 2016

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items and no material discrepancies between the books records and the physical fixed assets have been noticed.

   (c) The company does not have any immovable property and hence clause 3 (1) (c) of the order is not applicable.

2. (a) Except for the repossessed assets from borrowers and gold in hand not sold in auction, the company does not have any stock of inventory. These Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such physical verification.

3. The Company has granted secured loans, to two companies covered in the Register maintained under section 189 of the Act. The balance outstanding for these loans at the end of the year was Rs.1 49 86 thousand.

   (a) The terms and conditions of such loans granted are not prejudicial to the interest of the company.

   (b) The borrower company is regular in repaying principal amount and interest as per the repayment schedule agreed upon.

   (c) There is no overdue on the loans.

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, as applicable, in respect of loans, investments, guarantees, and security.

5. The company has accepted deposits, and it has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, as applicable or any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act for the services rendered by the company.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. 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, 2016 for a period of more than six months from the date on when they become payable.

   (b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as on March 31, 2016 on account of dispute except the following.

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates- Financial Year	Amount involved ((in 000)
Income Tax Act, 1961	Income Tax and Interest	Commissioner of Income Tax	2011-12	1 87/-
	Total			**1 87/-**

8. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has not defaulted in repayment of any dues to financial institution or banks or debenture holders.

   There are unpaid amounts of debentures amounting to Z.7 08 thousand outstanding as on March 31,.2016, the management has confirmed that they could not pay the same since proper claims were not received from the debenture holders.

9. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has utilized the debt instruments and term loans for the purpose for which they were actually obtained.

10. We have been informed that during the audit period there have been certain instances of fraud on the Company by employees, where hypothecation loan related misappropriations or cash embezzlements have occurred for amounts aggregating Z 4 28 thousand which the Company fully recovered

11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

12. The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14. Based upon the audit procedures performed and the information and explanations given 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 under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

16. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the Reserve Bank of India Act, 1934.

For K. VENKATACHALAM AIYER & Co
Chartered Accountants FRN: 004610S
CAA. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi

Date: 19th April, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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 Capital Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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, issued by 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 were 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 evidences we have obtained are 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 authorizations of management and directors of the company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2016, 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 K. Venkatachalam Aiyer & Co
Chartered Accountants Firm Regn No. 004610S
CAA. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi

Date: 19th April, 2016

MUTHOOT CAPITAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2016

(In Rs. '000)

	Note	As At 31 Mar 16	As At 31 Mar 15
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2.1	**12 47 26**	12 47 26
Reserves and Surplus	2.2	**135 42 07**	120 82 38
		147 89 33	133 29 64
Non-Current Liabilities			
Long-Term Borrowings	2.3	**28 81 91**	12 70 27
Other Long Term Liabilities	2.4	**83 40**	80 39
		29 65 31	13 50 66
Current Liabilities			
Short-Term Borrowings	2.5	**732 97 98**	584 65 01
Other Current Liabilities	2.6	**149 04 56**	129 32 16
Short-Term Provisions	2.7	**12 53 55**	15 23 17
		894 56 09	729 20 34
TOTAL EQUITY AND LIABILITIES		**1072 10 73**	876 00 64
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	2.8	**1 82 59**	2 04 39
Non-Current Investments	2.9	**13 75 13**	13 25 13
Deferred Tax Assets (Net)	2.10	**4 68 15**	2 70 23
Long Term Receivables From Financing Activities	2.11	**1 53 11**	79 73
Long Term Loans and Advances	2.12	**23 49**	16 75
Other Non - Current Assets	2.13	**32 07**	67 57
		22 34 54	19 63 80
Current Assets			
Current Investments	2.14	-	28 52
Cash and Cash Equivalents	2.15	**8 00 82**	6 57 71
Receivables from Financing Activities	2.16	**1037 25 81**	844 31 85
Short Term Loans and Advances	2.17	**3 86 95**	2 13 82
Other Current Assets	2.18	**62 61**	3 04 94
		1049 76 19	856 36 84
TOTAL ASSETS		**1072 10 73**	876 00 64
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 12		

Notes : The notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LTD

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS MUTHOOT
DIRECTOR

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY & HEAD-GOVERNANCE

Place - Kochi
Date : 19th April, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

₹ '000)

	Note	Year Ended 31 Mar 16	Year Ended 31 Mar 15
Revenue			
Revenue From Operations	2.19	**227 81 95**	190 48 44
Other Income	2.20	**67 48**	80 20
Total Revenue (I)		**228 49 43**	191 28 64
Expenses			
Employee Benefit Expense	2.21	**46 69 72**	39 29 46
Finance Costs	2.22	**86 99 61**	76 77 08
Depreciation	2.8	**1 03 23**	1 38 97
Administrative and Other Expenses	2.23	**40 88 52**	26 56 24
Provisions and Write Off	2.24	**17 43 37**	13 10 33
Total Expenses (II)		**193 04 45**	157 12 08
Profit Before Tax (I - II)		**35 44 98**	34 16 56
Tax Expenses			
Current Tax		**14 34 00**	13 23 00
Deferred Tax		**(1 97 92)**	(1 36 02)
Income Tax Adjustment of Earlier Years		**23 56**	43
Total Tax Expenses		**12 59 64**	11 87 41
Profit After Tax		**22 85 34**	22 29 15
Earnings per equity share of Rs 10 each:			
Basic and Diluted (in Rs.)	6	**18.32**	17.87
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	**1 to 12**		

Notes : The notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LTD

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY & HEAD-GOVERNANCE

Place - Kochi
Date : 19th April, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in '000)

	Year ended	
	31-Mar-16	**31-Mar-15**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	**35 44 98**	34 16 56
Adjustments for:-		
Depreciation	**1 03 23**	1 38 97
Provision against Non - Performing Assets	**3 97 66**	3 24 75
Provision against Standard Assets	**93 00**	34 11
Provision Others	**1 00**	-
Excess Provision written back	-	(40 40)
Loss / (Profit) from Capital Market Operations	**(32 56)**	(7 94)
Interest on Investment	**(1 06 36)**	(83 48)
Loss / (Profit) on sale of Assets	**35**	(16)
Dividend Income	**(7)**	(65)
	4 56 25	3 65 20
Operating Profit before Working Capital Changes	**40 01 23**	37 81 76
Net (Increase) / Decrease in Operating Assets:-		
Short Term Loans and Advances	**(45 41)**	(8 14)
Long Term Loans and Advances	**(6 74)**	(6 78)
Receivables from Financing Activities	**(193 68 34)**	(151 38 23)
Bank Deposits (having maturity date of more than 3 months)	**(1 74 04)**	(3 40 00)
Other Non-Current Assets	**35 50**	(67 57)
Other Current Assets	**3 21 31**	(1 90)
	(192 37 72)	(155 62 62)
Net increase/ (decrease) in operating liabilities:-		
Other current Liabilities	**2 98 27**	2 70 37
Short-term Provisions	**(45 77)**	(59 78)
	2 52 50	2 10 59
Net changes in working capital	**(189 85 22)**	(153 52 03)
Cash generated from Operations	**(149 83 99)**	(115 70 27)
Direct Taxes paid	**(16 27 06)**	(12 85 87)
Net cash (used in) Operating Activities	**(166 11 05)**	(128 56 14)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including capital advance	**(82 26)**	(65 90)
Sale of Fixed Assets	**48**	85
Investments in Shares and Mutual Funds	**28 52**	(6 43)
Non -Current Investments	**(51 12)**	(6 55 69)
Interest on Investment	**1 06 36**	83 48
(Loss) / Profit from Capital Market Operations	**32 56**	7 94
Dividend Income	**7**	65

Net cash (used in) Investing Activities	**34 61**	(6 35 10)
	Year ended	
	31-Mar-16	**31-Mar-15**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in Secured Debentures	**(2 65 25)**	(8 05 51)
Net increase / (decrease) in Subordinated Debts	**13 28 52**	1 44 93
Net increase / (decrease) in Public Deposits	**1 10 64**	53 70 99
Net increase / (decrease) in Inter Corporate Deposits	**10 86**	1 30 07
Net increase / (decrease) in Secured and Unsecured Borrowings	**169 08 80**	87 97 01
Dividend paid (including Corporate Dividend Tax)	**(15 48 06)**	(6 52 46)
Net cash generated from Financing Activities	**165 45 51**	129 85 03
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(30 93)**	(5 06 21)
Opening Balance of Cash and Cash Equivalents	**2 65 71**	7 71 92
Closing Balance of Cash and Cash Equivalents	**2 34 78**	2 65 71
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	**2**	24
Balance with Banks	**1 70 32**	2 29 21
Balance in Unclaimed Dividend Accounts	**64 44**	36 26
*** Total Cash and Cash Equivalents**	**2 34 78**	2 65 71

* Cash and Cash Equivalents do not include Bank deposits having maturity of more than 3 months amounting to ₹.5 66 04 thousand (March 31, 2015 ₹ 3 92 00 thousand).

Note: Previous year’s figures have been regrouped/ reclassified wherever necessary to conform to current year’s classification.

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place – Kochi
Date – 19th April, 2016

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY &
HEAD- GOVERNANCE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016

CORPORATE INFORMATION

Muthoot Capital Services Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Muthoot Capital Services Limited was incorporated on February 18, 1994 as a public limited company. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is registered as an A-category Deposit taking Non-Banking Financial Company (NBFC) with Reserve Bank of India. During the year the Company was mainly engaged in the business of financing for purchase of automobiles, mainly two wheelers against hypothecation of the respective vehicles and granting of personal/business loans against Security of receivables (Term loans)/ demand promissory notes. The Company also engaged itself in the business of buying loan portfolios from other NBFCs financing of the two wheelers /small business/micro finance segment. The Company has a reasonably good presence in the non-banking financial sector in rural and semi-urban areas.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

i. The financial statements for the year ended 31st March, 2016, have been prepared and presented under historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of the Companies Act, 2013, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non-Banking Financial Companies from time to time, wherever applicable.

ii. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of financial services provided and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 36 months for the purpose of classification of its assets and liabilities into current and non-current as per the requirements of Schedule III of the Companies Act, 2013.

iii. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

1.3 Revenue recognition

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

- **Income from Financial Services**

  i. Finance charges in respect of hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan instalments are accounted as and when received by the Company.

  ii. Interest on loans and advances, including Loan Buyout and Other business loans, is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for delayed payments are accounted as and when received.

  iii. Income in respect of Non-performing assets is recognized as and when received as per the guidelines given in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

  iv. Interest Income on SLR Investment/ Deposits is recognized on accrual basis.

- **Windmill Income**

  Income from power generation is recognized on supply of power to the grid as per the terms of the arrangement with Muthoot Bankers.

- **Income from Investments**

  Dividend on investments is recognized as income, when right to receive payment is established by the date of Balance Sheet. The profit/loss on Capital Market Operations is recognized at the time of actual sale/redemption of investments.

1.4 Receivables from Financing Activities

The Company has followed the Directions issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments and also the Non-Banking Financial Companies acceptance of Public Deposits (Reserve Bank) Directions 2007.

Hypothecation Loans

i. Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received against the due amount, up to Balance Sheet date. Advance instalments received against Hypothecation loans is shown as current liabilities

ii. Repossessed automobile assets are valued at lower of book value and estimated realizable value.

iii. Interest on hypothecation loans is recognized on accrual basis up to the current reporting date.

1.5 Tangible Fixed Assets

Fixed Assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs if capitalization criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.6 Depreciation on Tangible Fixed Assets

Depreciation on assets held for own use of the Company is provided on written down value method as per the useful years of life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013.

The company has adopted the following as the useful years of life to provide depreciation on its fixed assets.

Sl No	Description of the Assets	Useful Years of Life
1	Motor vehicles	
	(i) Car	8
	(ii) Cycles, Scooters	10
2	Furniture and fittings	10
3	Office Equipment's	5
4	Computer and Accessories	
	(i) Computers	3
	(ii) Networks and Servers	6
5	Windmill generator	22

Impairment of tangible and intangible assets

a) The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.

b) After impairment, depreciation is provided on the revised carrying amount of the asset as per the Useful Life as prescribed in Schedule II of the Companies Act 2013.

c) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.7 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

1.8 Investments

a) Investment in Government Securities

(i) Non - Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

(ii) Current Investments are valued at lower of cost and market value / net asset value.

b) Investments - Others

(i) Investments, which are readily realizable and intended to be held for not more than three years from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Non-Current Investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-Current Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

1.9 Foreign Currency Transactions

Transactions in Foreign Currencies are accounted at the prevailing rates of exchange on the date(s) of the transaction.

1.10 Income Tax

Tax expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

1.11 Retirement and Other Employee Benefits

a) Defined Contribution Plan

(i) Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due in accordance with the fund rules. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Employees State Insurance

The Company also contributes to Employees State Insurance Corporation on behalf of its employees.

b) Defined Benefit Plan – Gratuity

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/payable is determined on actuarial valuation done by LIC. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit and Loss.

1.12 Segment Reporting

The Company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of hypothecation loans, term loans, buying loan portfolio of other NBFCs/ Micro Finance Companies and loan against demand promissory notes etc.). Hence, no additional disclosure is required under Accounting Standard 17 'Segment Reporting'.

The Company operates primarily in India; hence there is no other significant geographical segment that requires the disclosure.

1.13 Related Party Disclosures

Disclosures are made as per the requirements of the Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by Institute of Chartered Accountants of India.

1.14 Earnings per Share

The Company reports basic earnings per share in accordance with Accounting Standard-20 "Earnings per Share", issued by the ICAI. Basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

1.15 Cash and Cash Equivalents

Cash and Cash Equivalents in the cash flow statements comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity period of three months or less.

1.16 Material Events

Material Events occurring after the Balance Sheet date are taken into cognizance.

1.17 Expenses on Deposits / Debentures / Subordinated Debts

The interest on Public Deposits, Debentures and Subordinated Debt is recognized on accrual basis at the rate applicable to each scheme. The brokerage incurred on Public Deposits and subordinated debts is treated as expenditure in the year in which it is incurred.

1.18 Provisions other than that for Non-Performing Assets

A provision is recognized when the company has a present legal or constructive obligation as a result of past event, for which it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made for the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

1.19 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not 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.

1.20 Classification and provisioning of Assets as per RBI Guidelines

As per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India, the Company makes adequate provisions against Non-Performing Assets in the following manner;

a. Standard Assets:

Provision against Standard Assets is made at the rate of 0.30% as required by Paragraph 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with the Revised Regulatory Framework issued by Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs) on 10th November 2014 and the related notification dated 27th March 2015 (collectively referred to as 'the framework').

b. Sub-standard, Doubtful and Loss Assets:

Provision as required by Paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.

c. An additional adhoc provision / write off of hypothecation loans as considered appropriate by the management, towards non-performing assets.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2016

Amounts in the financial statements are presented in thousands, except for per share data and as otherwise stated.

BALANCE SHEET

2.1 SHARE CAPITAL

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Authorized		
1,50,00,000 equity shares of ₹. 10 par value.	**15 00 00**	15 00 00
Issued, Subscribed and fully Paid up		
1,24,72,575 equity shares of ₹. 10 par value.	**12 47 26**	12 47 26
Total	**12 47 26**	12 47 26

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31st March 2016 and 31st March 2015 is set out below:

Particulars	As at 31-Mar-16 No. of shares in '000	As at 31-Mar-16 Amount ₹. in '000	As at 31-Mar-15 No. of shares in '000	As at 31-Mar-15 Amount ₹. in '000
No of shares outstanding at the beginning of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26
Add: Additional shares issued during the year	-	-	-	-
No of shares outstanding at the end of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees.

The Board of Directors in their meeting held on 11th March, 2016 declared an interim dividend of ₹.5.5 per equity share. The total dividend appropriation for the year ended 31st March, 2016 amounted to ₹.8 25 65 thousand including corporate dividend tax of ₹.1 39 66 thousand.

During the year ended 31st March, 2015, the amount of per share dividend recognized as distribution to equity shareholders was ₹5/-. The total dividend appropriation for the year ended 31st March, 2015 amounted to ₹.7 50 59 thousand including corporate dividend tax of ₹.1 26 96 thousand.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shareholders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-16 No of shares in '000	%	As at 31-Mar-15 No of shares in '000	%
Equity Shares				
Thomas John Muthoot	**28 51**	**22.86**	28 51	22.86
Thomas George Muthoot	**28 47**	**22.82**	28 47	22.82
Thomas Muthoot	**27 97**	**22.42**	27 97	22.42

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

2.2 RESERVES AND SURPLUS

(₹. in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Securities Premium Account:		
At the beginning of the year	**41 80 80**	41 80 80
Additions on shares issued during the year	**-**	-
At the end of the year	**41 80 80**	41 80 80
Statutory Reserve:		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	**23 65 79**	18 65 79
Add: Transfer from Surplus in Statement of Profit and Loss	**4 60 00**	5 00 00
At the end of the year	**28 25 79**	23 65 79
General Reserve:		
At the beginning of the year	**10 80 00**	8 30 00
Add: Transfer from Surplus in Statement of Profit and Loss	**2 30 00**	2 50 00
At the end of the year	**13 10 00**	10 80 00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	**44 55 79**	37 30 79
Adjustment on Account of Change in the useful life of fixed assets as per Schedule II of the Companies Act, 2013		
Less: Written Down Value of Fixed Asset Carried to reserve	**-**	(5 40)
Add: Deferred Tax impact on the asset	**-**	1 84
	-	(3 56)
Add: Profit for the year	**22 85 34**	22 29 15
Less: Appropriations		
Transfer to Statutory Reserves	**(4 60 00)**	(5 00 00)
Transfer to General Reserves	**(2 30 00)**	(2 50 00)
Dividend		
Interim	**(6 85 99)**	-
Final (proposed)	**-**	(6 23 63)
Dividend Tax	**(1 39 66)**	(1 26 96)

At the end of the year	**52 25 48**	44 55 79
Total	**1 35 42 07**	1 20 82 38

2.3 LONG - TERM BORROWINGS

(*₹. in '000)*

Particulars	As at 31-Mar-16	As at 31-Mar-15
Secured:		
Term Loan from South Indian Bank	**1 60 00**	-
Non-Convertible Debentures	**-**	8
Unsecured:		
Subordinated Debt	**13 74 55**	3 79 41
Public Deposits	**13 47 36**	8 90 78
Total	**28 81 91**	12 70 27

Term Loan:

The term loan from South Indian Bank is secured by First Pari- Passu charge over the long term loan receivables, along with other lenders and secured debenture holders with minimum coverage of 125%. The effective interest rate is 11.5%. The loan is repayable in 47 monthly installments of ₹.52 00 thousand each and 48th installment of ₹ 56 00 thousand commencing after immediate draw down of principal. The term loan has been personally guaranteed by the Promoter Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

Maturity Pattern of Long Term Loan:

(₹. in '000)

	For the Financial Year 2015-2016			For the Financial Year 2014- 2015		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**

South Indian Bank	**18 72 00**	**1 60 00**	**20 32 00**	-	-	-
Total	**18 72 00**	**1 60 00**	**20 32 00**	-	-	-

This liability towards term loan from South Indian Bank appears in the financial statements in the manner given below:

(₹. in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-16	As at 31-Mar-15
Long- Term Borrowings	**2.3**	Term Loan from South Indian Bank	**1 60 00**	-
Other Current Liabilities	**2.6**	Current Maturities of Term Loan from South Indian Bank	**18 72 00**	-
Total			**20 32 00**	-

Debentures:

The Company has issued Redeemable Non-Convertible Debentures on Private Placement basis in various series. The debentures issued under each series have a repayment period depending on the scheme it falls under. The debentures are repaid within a period of 1 to 6 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest Payment. The rate of interest of the Unmatured debentures range from 10.9% to 14.19% per annum and the rate of interest of matured debentures ranges from 9.5% to 13.65% per annum.
The issued debentures are secured by a pari-passu First charge on all movable assets, book debts and receivables created by undertaking the business of Loan against Gold Jewellery, Hypothecation Loan and all other types of Loans, both present and future, created by the company.

Maturity Pattern of Debentures:

(₹. in '000)

Interest Rate % per annum	For the Financial Year 2015-2016				For the Financial Year 2014-2015			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 - 12	**1 43**	**40 00**	-	**41 43**	11 84	1 11 04	8	1 22 96
>12 - 15	**5 65**	**2 42 83**	-	**2 48 48**	3 35	3 85 69	-	3 89 04
Total	**7 08**	**2 82 83**	-	**2 89 91**	15 19	4 96 73	8	5 12 00

This liability towards debentures appears in the financial statements in the manner given below:

(₹. in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-16	As at 31-Mar-15
Long- Term Borrowings	**2.3**	Non-Convertible Debentures (Secured)	**-**	8
Other Current Liabilities	**2.6**	Current Maturities of Debentures	**2 82 83**	4 96 73
Other Current Liabilities	**2.6**	Unclaimed matured Debentures	**7 08**	15 19
Total			**2 89 91**	5 12 00

Subordinated Debts (Sub Debts):

The Company has accepted subordinated debts under three schemes, namely Monthly, Annual and Maturity schemes with interest rates ranging from 10.00% to 13.40%. The subordinated debts issued under each scheme will be repaid only on maturity.

Maturity pattern of Subordinated Debts:

(₹. in '000)

Interest Rate % per annum	For the Financial Year 2015-2016				For the Financial Year 2014-2015			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>10 – 12	-	-	**12 53 46**	**12 53 46**	-	-	-	-
>12 – 15	-	**2 58 32**	**1 21 09**	**3 79 41**	-	-	3 79 41	3 79 41
Total	-	**2 58 32**	**13 74 55**	**16 32 87**	-	-	3 79 41	3 79 41

The Unsecured Subordinated debts of the Company qualify as Tier II Capital under the Non-Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

This liability towards subordinated debts appears in the financial statements in the manner given below:

(₹. in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-16	As at 31-Mar-15

Long Term Borrowings	**2.3**	Subordinated Debts	**13 74 55**	3 79 41
Other Current Liabilities	**2.6**	Current Maturities of Subordinated Debts	**2 58 32**	-
Total			**16 32 87**	3 79 41

Public Deposits:

The Company has accepted Public Deposits under three schemes, namely Monthly, Annual and Maturity schemes. The deposits issued under each scheme will be repaid only on maturity, unless claimed by the Depositor earlier and if permissible to be repaid as per the regulations issued in this regard by the Reserve Bank of India. The rate of interest on these deposits ranges from 8.25% to 12.5% per annum.

Maturity pattern of Public Deposits:

(₹. in '000)

Interest Rate % per annum	For the Financial Year 2015-2016				For the Financial Year 2014-2015			
	Matur-ed Unclai-med*	Current	Non-Current	Total	Matured Unclai-med*	Current	Non-Current	Total
<=9	**13 84**	**16 71 94**	**99 67**	**17 85 45**	-	62 29	-	62 29
>9 -12.5	**4 27 36**	**74 96 67**	**12 47 69**	**91 71 72**	3 46 20	97 05 19	8 90 78	109 42 17
Total	**4 41 20**	**91 68 61**	**13 47 36**	**109 57 17**	3 46 20	97 67 48	8 90 78	110 04 46

* The Matured Unclaimed Public Deposits include the Public Deposit- pending Renewal amounting to ₹ 1 21 89 thousand as shown in Note No. 2.6 Other Current Liabilities (March 31, 2015: ₹ 1 59 79 thousand).

This liability towards Public Deposits appears in the financial statements in the manner given below:

(₹. in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-16	As at 31-Mar-15
Long- Term Borrowings	**2.3**	Public Deposit	**13 47 36**	8 90 78
Other Current Liabilities	**2.6**	Current Maturities of Public Deposits	**91 68 61**	97 67 48
Other Current Liabilities	**2.6**	Deposit Pending	**1 21 89**	1 59 79

		Renewal		
Other Current Liabilities	**2.6**	Unclaimed matured Public Deposit	**3 19 31**	1 86 41
Total			**109 57 17**	110 04 46

2.4 OTHER LONG TERM LIABILITIES

(₹. in '000)

Particulars	As at	
	31-Mar-16	**31-Mar-15**
Non-current portion of interest accrued, but not due on:		
Debentures	-	2
Subordinated Debt	**57 55**	66 46
Public Deposits	**24 89**	12 95
Others		
Security Deposits (Unsecured)	**96**	96
Total	**83 40**	80 39

Current portion of interest accrued, but not due on the above borrowings amounting to ₹ 7 64 36 thousand is shown in Ref Note No. 2.6 under Other Current Liabilities (March 31, 2015: ₹ 5 84 02 thousand)

2.5 SHORT - TERM BORROWINGS

(₹. in '000)

Particulars	As at	
	31-Mar-16	**31-Mar-15**
Secured		
Loans repayable on demand (from Banks)		
Working Capital Demand Loans and Cash Credit	**669 50 41**	517 32 72
Term Loan	**48 42 34**	63 29 24
Unsecured		
Loans and Advances from Related Parties	**13 64 38**	2 73 05

Inter Corporate Deposits	**1 40 85**	1 30 00
Total	**732 97 98**	584 65 01
Loans repayable on demand from banks:		
Working Capital Demand Loan:		
Andhra Bank Ltd	**25 00 00**	-
Federal Bank Ltd	**12 00 00**	12 00 00
HDFC Bank Ltd	**20 00 00**	20 00 00
ICICI Bank Ltd	**24 49 00**	25 00 00
IndusInd Bank Ltd	**9 50 00**	9 50 00
Kotak Mahindra Bank Ltd	**15 00 00**	15 00 00
Punjab National Bank Ltd	**80 00 00**	-
State Bank of Travancore Ltd	**110 00 00**	108 00 00
State Bank of Hyderabad Ltd	**34 90 21**	34 95 10
State Bank of India Ltd	**90 00 00**	90 00 00
YES Bank Ltd	**10 00 00**	10 00 00
Sub total	**430 89 21**	324 45 10
Cash Credit:		
Axis Bank Ltd	**5 49 17**	4 23 76
Andhra Bank Ltd	**8 16 52**	44 81 44
Corporation Bank Ltd	**29 82 12**	29 58 58
City Union Bank Ltd	**9 96 51**	9 93 46
Dhanlaxmi Bank Ltd	**9 13 46**	9 99 12
Federal Bank Ltd	**2 89 23**	2 82 68
Lakshmi Vilas Bank Ltd	**24 87 12**	24 59 46
Punjab National Bank Ltd	**19 23 95**	-
State Bank of India Ltd	**8 21 01**	32 57
South Indian Bank Ltd	**62 85 16**	66 56 55
Syndicate Bank Ltd	**22 97 23**	-
Tamil Nadu Mercantile Bank Ltd	**34 99 72**	-
Sub total	**2 38 61 20**	192 87 62
Total	**669 50 41**	517 32 72
Term Loan:		
Dhanlaxmi Bank Ltd*	**20 98 40**	28 29 24
HDFC Bank Ltd	**6 00 00**	-
IDBI Bank Ltd	**13 93 94**	20 00 00
Yes Bank Ltd	**7 50 00**	15 00 00
Sub Total	**48 42 34**	63 29 24
Grand Total	**717 92 75**	580 61 96

*Note: The above mentioned Term Loans do not include the loan against the selling of Receivables from Financing Activities in favor of Dhanlaxmi Bank Limited. The balance Outstanding of this loan as on March 31, 2016: Nil (March 31, 2015: ₹ 71 05 thousand).

Guaranteed Loans

The Working Capital Demand Loans and Cash Credit obtained from Banks have been personally guaranteed by the Promoter Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

Security of the Loans from Banks

The Working Capital Demand Loans and Cash Credit facility have been obtained from the banks by creating First Charge on the entire current assets including gold loan, hypothecation loans and all other loan receivables ranking pari-passu with other banks and Debenture Holders.

Rate of interest

Short Term Borrowings from banks carries interest at the rate of 10.55% to 11.80% per annum as on the Balance sheet date.

Term Loan from Banks:

The term loan from banks are secured by hypothecation of specific assets covered by Hypothecation Loan Receivables/ on entire current assets including gold loans, hypothecation loans and all other loan and other current assets of the company. Rate of interest varies from 11.3% to 11.75%. The loan is repayable in equal monthly/ quarterly instalments spread over 12 months to 36 months.

Loan from Directors

The Company has entered into transactions involving receipts and payments of different amounts with the Promoter Directors of the company. The company pays interest at 12% per annum. The balance outstanding as on March 31, 2016 was ₹ 13 64 38 thousand (March 31, 2015: ₹ 2 73 05 thousand).

Inter Corporate Deposits

The Company has taken an Inter Corporate Deposit from Adtech Systems Ltd. This is repayable after a period of 3 months with an effective rate of interest of 9% per annum. The balance Outstanding as on March 31, 2016: ₹.1 40 85 thousand (March 31, 2015: ₹ 1 30 00 thousand).

2.6 OTHER CURRENT LIABILITIES

(₹. in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Current maturities of long term debt:		
Debentures (Secured)	**2 82 83**	4 96 73
Public Deposits	**91 68 61**	97 67 48
Subordinated Debts	**2 58 32**	-
Term Loan from South Indian bank	**18 72 00**	-
Unclaimed Matured		
Debentures	**7 08**	15 19
Public Deposits	**3 19 31**	1 86 41
Interest accrued and due on borrowings		
Unclaimed Matured Debentures	**4 65**	4 47
Unclaimed Matured Public Deposits	**6 67**	36
Interest accrued, but not due on		
Bank Borrowings	**3 06 94**	2 52 25
Debentures	**2 00 11**	2 43 43
Subordinated Debts	**84 80**	83
Public Deposits	**4 79 45**	3 39 76
Inter Corporate Deposit	**7**	7
Instalment received in advance from Hypothecation Customers*	**8 10 23**	6 80 72
Unclaimed dividends**	**64 44**	36 26
Collection Agency Deposit	**40 15**	3 00
Public Deposits Pending Renewal	**1 21 89**	1 59 79
Other Payables		
Initial Payment	**24 34**	12 26
Foreclosure	**4 18**	1 38
Withholding Tax	**58 83**	45 24
Business Sourcing Incentive Payable	**1 58 54**	1 58 02
Other Expenses Payable***	**5 25 25**	3 89 85
Statutory Dues Payable	**69 73**	72 51
Others	**36 14**	66 15
Total	**149 04 56**	129 32 16

* During the current year, instalments of Hypothecation loans received in advance, has been separately shown under ‘Other Current Liabilities’, which till the previous year was shown as reduced from ‘Hypothecation Loan’. The amount of Rs 4 56 37 thousand which was thus

shown as reduced from ‘Hypothecation Loan’ in the previous year has now been shown under the head of ‘Other Current Liabilities’ (Refer Note No 2.16- Receivables from Financing Activities).

**There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

*** Other Expenses payable includes amounts payable to related parties amounting to ₹.1 23 66 thousand (March 31, 2015: ₹ 1 53 09 thousand)

2.7 SHORT - TERM PROVISIONS

(₹. in '000)

Particulars	**As at**	
	31-Mar-16	**31-Mar-15**
Provision for Employee Benefits		-
Contingent Provision for Bonus	**43 44**	
Contingent Provision for Gratuity*	**1 56**	
Proposed dividend	**-**	6 23 63
Provision for dividend tax	**-**	1 26 96
Provision for taxation (Net)	**-**	54 69
Contingency provisions against standard assets		
-made @0.30% of the outstanding Standard Assets (made @ 0.25% of the outstanding Standard Assets as on March 31, 2015)	**2 96 00**	2 03 00
Provision for Non-Performing Assets **	**9 12 55**	5 14 89
Total	**12 53 55**	15 23 17

*The net gratuity plan asset of Rs.30 51 thousand as on March 31, 2016 is shown in the financial statement in the manner shown below;

(Rs in ‘000)

Particulars	**Note No**	**Amount**
Gross Gratuity Plan Asset	2.13	32 07
Less: Contingent Provision for Gratuity	2.7	1 56
Net Gratuity Plan Asset		**30 51**

Refer Note No 2.13 – ‘Other – Non Current Assets’ and Note No 3- ‘Defined Benefit Plans-Gratuity Valuation’

** Includes an additional adhoc provision of ₹ 52 70 thousand (March 31, 2015 ₹. 75 00 thousand) made against Non-Performing Assets.

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non Banking Financial Companies (NBFCs) on 10th November 2014 and the related notification dated 27th March 2015 (collectively referred to as 'the framework') to address various matters including harmonization of asset classification and provisioning norms wherein the provisioning norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31.03.2016

(ii) if they become overdue for 4 months for the financial year ending 31.03.2017

(iii) if they become overdue for 3 months for the financial year ending 31.03.2018 and thereafter.

Currently, the company classifies NPAs at 5 months default. With an aim to align itself with the provisioning rates prescribed in the framework, the company has made an adhoc provision on perceived credit risk. The total adhoc provision created and outstanding as on 31st March 2016 is ₹.52 70 Thousand.

2.8 TANGIBLE ASSETS

(₹ in '000)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	At 31 March, 2015	Additions	Deductions	At 31 March, 2016	At 31 March, 2015	For the Year	Adjustment for the Year	At 31 March, 2016	At 31 March, 2015	At 31 March, 2016
Furniture and Fittings	1 94 89	20 54	-	**2 15 43**	1 01 97	26 33	-	**1 28 30**	92 92	**87 13**
Vehicles	35 85	-	-	**35 85**	29 98	1 93	-	**31 91**	5 87	**3 94**
Office Equipments	1 20 96	6 81	1 51	**1 26 26**	70 88	26 97	1 18	**96 67**	50 08	**29 59**
Computers and Accessories	2 35 54	54 91	1 93	**2 88 52**	1 87 14	46 53	1 43	**2 32 24**	48 40	**56 28**
Windmill Generator	89 78	-	-	**89 78**	82 66	1 47	-	**84 13**	7 12	**5 65**
Total	**6 77 02**	**82 26**	**3 44**	**7 55 84**	**4 72 63**	**1 03 23**	**2 61**	**5 73 25**	2 04 39	**1 82 59**

Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful life as specified in Schedule II of the said Act to provide for depreciation. Accordingly, the unamortised carrying value is depreciated over the revised / remaining useful lives.

2.9 NON - CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Quoted Investment (Valued at cost)		
Investments in Mutual Funds	**19**	19
Investment in Government Securities	**13 74 94**	13 24 94
Total	**13 75 13**	13 25 13

(₹ in '000)

Particulars	Cost	Market Value
Aggregate amount of quoted investments:		
Mutual Funds	**19**	51
Investment in Government Securities:*		
7.28% GOI 2019	**8 35 44**	8 85 51
8.12% GOI 2020	**4 89 50**	5 11 50
8.24% Kerala SDL 2025	**50 00**	51 79
Total	**13 75 13**	14 49 31

*In accordance with the Reserve Bank of India directives, the Company has created floating charge on the statutory liquid assets comprising of investment in Government Securities of face value of ₹.14 38 00 thousand (Cost- ₹.13 74 94 thousand) and bank deposits of ₹. 5 66 04 thousand (Refer Note No. 2.15 'Cash and Cash Equivalents') in favor of trustees representing the deposit holders of the Company.

2.10 DEFERRED TAX ASSET (NET)

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Deferred Tax Asset		
Provision for NPA and Others	**4 37 51**	2 47 29
Preliminary Expenses charged off to the Statement of Profit and Loss, but allowed as expense under tax laws in 5 years	**-**	1 99
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	**30 64**	20 95

Net Deferred Tax Asset	**4 68 15**	2 70 23

Deferred tax asset and deferred tax liabilities have been offset wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relating to the same taxation authority.

2.11 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-16	**31-Mar-15**
Secured considered good, unless otherwise stated:		
Hypothecation Loan	**1 47 61**	37 32
Demand Promissory Notes (Un-secured)	**-**	1 91
Loan against Public Deposit *	**5 50**	40 50
Total	**1 53 11**	79 73

The summary of the receivables from Hypothecation Loan appear in the financial statements in the manner shown below:

(₹. in '000)

Name of the element in Financial statements	Reference Note No	Particulars	As at	
			31-Mar-16	**31-Mar-15**
Long Term Receivables from Financing Activities	**2.11**	Hypothecation Loan	**1 47 61**	37 32
Receivables from Financing Activities	**2.16**	Principal outstanding in current maturity of Hypothecation Loan	**917 91 69**	787 18 89
Total			**919 39 30**	787 56 21

* For the year ended 31st March 2015 the entire amount of ₹. 97 35 thousand was shown under Current maturity of loan against Public Deposit. The same has now been regrouped on the basis of the operating cycle of the company which is 3 year. For the current year, the summary of the loan against Public Deposits appear in the financial statements in the manner shown below:

(₹. in '000)

Name of the element in Financial statements	Reference Note No	Particulars	As at	
			31-Mar-16	**31-Mar-15**

Long Term Receivables from Financing Activities	**2.11**	Loan against Public Deposit	**5 50**	40 50
Receivables from Financing Activities	**2.16**	Current maturity of Loan against Public Deposits	**83 94**	56 85
Total			**89 44**	97 35

2.12 LONG -TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Unsecured, considered good		
Security deposits	**23 49**	16 75
Total	**23 49**	16 75

2.13 OTHER NON - CURRENT ASSETS

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Gratuity Plan Asset*	**32 07**	67 57
Total	**32 07**	67 57

*The net gratuity plan asset of Rs.30 51 thousand as on March 31, 2016 is shown in the financial statements in the manner shown below;

(Rs. In '000)

Particulars	Note No	Amount
Gross Gratuity Plan Asset	2.13	32 07
Less: Contingent Provision for Gratuity	2.7	1 56
Net Gratuity Plan Asset		**30 51**

Refer Note No 2.7 – 'Short term Provisions' and Note No 3- Defined Benefit Plans- Gratuity Valuation'

2.14 CURRENT INVESTMENTS

(₹ in '000)

Particulars	Face value (in ₹)	As at 31-Mar-2016 Holding (No.)	As at 31-Mar-2016 Cost	As at 31-Mar-2015 Holding (No.)	As at 31-Mar-2015 Cost
Investment in Equity Instruments					
Bosch Limited	10	-	-	24	1 48
Eicher Motor Ltd	10	-	-	72	1 60
United Spirits	10	-	-	90	2 21
HDFC Bank Ltd.	2	-	-	535	1 09
HDFC Ltd.	2	-	-	357	1 45
Hero Motocorp Ltd	2	-	-	95	77
Larsen & Toubro Ltd	2	-	-	195	49
Bharat Forge Ltd	2	-	-	263	3 36
State Bank Of India Ltd	1	-	-	1 450	2 52
Tech Mahindra Ltd	5	-	-	764	3 03
Asian Paints	1	-	-	429	2 13
Tata Consultancy Services	1	-	-	144	3 04
Sun Pharmaceuticals	1	-	-	721	5 35
Total		-	-		**28 52**

Note: The entire current investments were sold during the year and the company earned a profit of ₹.32 56 Thousand

2.15 CASH AND CASH EQUIVALENTS

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Balances with Banks	**1 70 32**	2 29 21
Cash on Hand	**2**	24
Other balances with banks		
in Deposit accounts	**5 66 04**	3 92 00
in Unclaimed Dividend Accounts	**64 44**	36 26
Total	**8 00 82**	6 57 71

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Balances with Banks		
Axis Bank Ltd	**4 52**	2 60
Dhanlaxmi Bank Ltd	**-**	11 00
HDFC Bank Ltd	**30 83**	1 00 13
Indusind Bank Ltd	**36**	1 07
Ing Vysya Bank Ltd	**-**	5
ICICI Bank Ltd	**41**	3 65
IDBI Bank Ltd	**3 68**	2 79
Indian Overseas Bank Ltd	**-**	4 18
Kotak Mahindra Bank Ltd	**80**	3 65
Lakshmi Vilas Bank Ltd	**12**	1 62
State Bank of India Ltd	**8 08**	17 35
State Bank of Travancore Ltd	**1 04 10**	46 90
State Bank of Hyderabad Ltd	**-**	4 52
South Indian Bank Ltd	**-**	88
YES Bank Ltd	**17 42**	28 82
Total	**1 70 32**	2 29 21
In Deposit Accounts		
Deposits having maturity date of more than 3 months		
Axis Bank Ltd	**93 97**	52 00
Dhanlaxmi Bank Ltd	**-**	1 00 00
Lakshmi Vilas Bank Ltd	**2 90 00**	2 40 00
State Bank of Hyderabad Ltd	**99 00**	-
Yes Bank Ltd	**83 07**	-
Total	**5 66 04**	3 92 00
In Unclaimed Dividend Accounts		
Axis Bank Ltd	**7 61**	-
HDFC Bank Ltd	**56 83**	36 26
Total	**64 44**	36 26

2.16 RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	**As at 31-Mar-16**	**As at 31-Mar-15**
(Secured, considered good unless otherwise stated)		
Principal outstanding in current maturity of:		
Hypothecation Loan *(Note 1)*	**917 91 69**	787 89 94
Less: Loan Sellout of Receivables from Financing Activities taken in favor of Dhanlaxmi Bank Limited*	**-**	(71 05)
	917 91 69	787 18 89
Loan Buyout **	**32 81 68**	35 26 26
Term Loan***	**65 34 17**	-
Other Loans		
Gold Loan (Secured but fully provided)	**14 22**	14 22
Demand Promisory Notes (Unsecured)	**5 38 58**	7 19 97
Demand Promisory Notes (Secured)	**1 54 08**	2 37 45
Loan against Public Deposits	**83 94**	56 85
Loan against Debenture	**7 31**	10 41
Interest Accrued on:		
Hypothecation Loan	**12 92 11**	11 45 06
Loan against Public Deposits	**3 41**	1 77
Loan against Debenture	**51**	97
Loan Buy out	**6 81**	-
Term Loan	**17 30**	-
Total	**1037 25 81**	844 31 85

Note 1: During this year, advance payment received against future installments of Hypothecation loans has been separately shown under Other Current Liabilities (Refer Note No.2.6 – Other Current Liabilities). Accordingly, previous year figures have been regrouped and the effect of the change is given below.

(Rs. In '000)

Particulars	**As at 31st March 2015**
Current Maturities of Hypothecation Loan	783 33 57
Add: Future Instalments of Hypothecation loans received	4 56 37
Total	787 89 94

***Loan taken from Dhanlaxmi Bank Ltd against sellout of Receivables from Financing Activities in favor of the Bank.**

The company had availed finance against the sellout of receivables in favor of Dhanlaxmi Bank Limited. As per the arrangement for the above mentioned loan transaction, the company received an amount of ₹.37 25 84 thousand from the bank repayable in 34 monthly instalments. The balance outstanding as on March 31, 2016 is Nil (March 31, 2015 ₹. 71 05 thousand). The rate of interest paid for the loan was 13% per annum on the diminishing balance.

**** Loan Buyout**

The company has entered into arrangements with other NBFCs for the buyout of receivables against Micro Finance Portfolio and Two Wheeler Portfolios The rate of interest receivable on the loan buyouts ranges between 15% to 16% per annum on the diminishing balance. The tenure of the loan ranges between 15 months and 30 months.

(₹ in '000)

Sl No	Name of NBFC	Type of Portfolio	Rate of Interest	Total value of the assets covered by the transaction	No of Contracts	Total amount of Loan disbursed	Minimum Retention Requirement (MRR)	Balance as on 31st st March 2016
1	Chaitanya India Fin Credit Pvt Ltd	Two Wheeler Portfolio	16.00%	6 10 98	2 408	5 63 64	47 34	**1 72 09**
2	Finvent Finance and Investments Ltd	Two Wheeler Portfolio	16.00%	8 41 96	2 591	7 73 15	68 81	**3 72 43**
3	M Power Micro Finance Pvt Ltd	Micro Finance Portfolio	15.50%	5 94 49	4 287	5 64 77	29 72	**4 00 65**
4	Muthoot Fincorp Limited *(Note 2)*	Micro Finance Portfolio	16.00%	57 89 45	43 572	54 99 97	2 89 48	**13 91 99**
5	Samasta Microfinance Ltd	Micro Finance Portfolio	15.00%	4 47 17	2 218	4 24 81	22 36	**4 24 81**
6	Sambandh Finserve Pvt Ltd	Micro Finance Portfolio	15.00%	5 64 64	4 044	5 36 41	28 23	**5 19 71**
	Total							**32 81 68**

*****Term Loans**

The company has advanced Term Loans to other Companies / NBFC's secured by way of charge on the loan portfolio created out of the lending by the Company. The rate of interest receivable on the term loan ranges between 15.25% to 16% per annum on the diminishing balance. The tenure of the loan ranges between 12 months and 36 months.

(₹ in '000)

Sl No	Name of NBFC/Company	Purpose of Loans	Rate of Interest	Total amount of Loan disbursed	Balance as on 31st st March 2016
1	Varam Capital Pvt Ltd	Micro Finance Loan	16.00%	10 00 00	**8 96 67**
2	S.M.I.L.E Microfinance Ltd	Micro Finance Loan	16.00%	10 00 00	**10 00 00**
3	NeoGrowth Credit Pvt Ltd	Small Business Loan	15.50%	15 00 00	**15 00 00**
4	MPG Security Group Pvt Ltd ****	Working Capital Loan	15.50%	1 50 00	**1 37 50**
5	Sambandh Finserve Pvt Ltd	Micro Finance Loan	16.00%	5 00 00	**5 00 00**
6	Puduaaru Financial Services Pvt Ltd	Small Business Loan	15.25%	15 00 00	**15 00 00**
7	Jagaran Microfin Pvt Ltd	Micro Finance Loan	16.00%	10 00 00	**10 00 00**
	Total				**65 34 17**

***** Related concerns*

Note 2 - Loan Buyout Transaction with Muthoot Fincorp Limited

This amount represents the balance collectable against the Loan Buyout transaction between the Company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction an advance was given against the portfolio of loans bought from Muthoot Fincorp at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as agents for collecting the due amount and paying the same to the company.

Maturity Pattern of Hypothecation Loan:

(₹. in '000)

Particulars	For the Financial Year 2015- 2016			For the Financial Year 2014-2015		
	Current *	**Non-Current**	**Total**	**Current ***	**Non-Current**	**Total**
Hypothecation Loan	917 91 69	1 47 61	919 39 30	787 18 89	37 32	787 56 21
Total	**917 91 69**	**1 47 61**	**919 39 30**	**787 18 89**	**37 32**	**787 56 21**

*Includes amount already due

2.17 SHORT TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
(Unsecured, considered good unless otherwise stated)		
Advances to Dealers	**1 43 24**	95 20
Other Advances	**87 14**	89 77
Advance Tax and Tax Deducted at Source (net off provision)	**1 14 80**	
Tax Refund Receivable	**23 35**	23 35
Service Tax Refund	**18 42**	5 50
Total	**3 86 95**	2 13 82

2.18 OTHER CURRENT ASSETS

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
(Unsecured, considered good unless otherwise stated)		
Trade Receivables	**-**	31
Other Receivables	**24**	3 20
Debts Due by Related Party	**2 66**	2 12 42

Interest Accrued on SLR Deposits / Investments	**59 71**	35 43
Repossessed Asset (Net of Provision)	**-**	53 58
Total	**62 61**	3 04 94

STATEMENT OF PROFIT AND LOSS

2.19 REVENUE FROM OPERATIONS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-16	**31-Mar-15**
Income from Financial Operations		
Hypothecation Loans	**215 81 05**	187 78 24
Loan Buyout	**6 12 95**	32 75
Term Loan	**1 45 77**	-
Others		
Gold Loan		55
Demand Promisory Notes	**2 75 50**	66 13
Loan against Public Deposits	**13 05**	8 07
Loan against Debenture	**96**	3 22
Interest Income		
On Investments	**1 06 36**	83 48
On Deposits	**45 28**	8 17
On Delayed receipt of collection amount	**1 03**	67 83
Total	**227 81 95**	190 48 44

2.20 OTHER INCOME

(₹ in '000)

Particulars	Year Ended	
	31-Mar-16	**31-Mar-15**
Dividend Income		
From Current Investments	**7**	65
Net gain on sale of investments		
From Current Investments	**32 56**	7 94
Other Non- operating Income		
Income from Wind Mill Operations	**3 91**	7 13
Excess Provision written back	**-**	40 40
Profit on Sale of Fixed Assets	**-**	16
Miscellaneous Income	**29 23**	22 30

Interest Income	**1 71**	1 62
Total	**67 48**	80 20

2.21 EMPLOYEE BENEFITS EXPENSES

(₹ in '000)

Particulars	**Year Ended**	
	31-Mar-16	**31-Mar-15**
Salaries and Wages	**33 39 16**	28 86 46
Incentive to Employees	**7 15 15**	6 27 30
Contribution to Provident and Other funds	**3 78 11**	3 56 05
Staff Welfare Expense	**51 44**	23 37
Outsourced Manpower	**26 31**	-
Other Expenses	**1 59 55**	36 28
Total	**46 69 72**	39 29 46

2.22 FINANCE COSTS

(₹ in '000)

Particulars	**Year Ended**	
	31-Mar-16	**31-Mar-15**
Interest Expenses		
Bank Loans	**69 84 97**	61 34 44
Debentures*	**53 86**	1 14 61
Subordinated Debts*	**1 15 09**	53 48
Public Deposits*	**11 99 74**	9 55 26
Loan From Directors	**58 51**	57 28
Other Borrowing cost	**2 87 44**	3 62 01
Total	**86 99 61**	76 77 08

* During the year the Company changed the method of recognising the interest expenses on Debentures, Subordinate Debt and Public Deposits which was under the maturity scheme from a flat rate to a compounded rate of interest. The above figures are worked out net of the reversal of excess interest accounted in the prior years amounting to ₹. 45 62 thousand.

2.23 ADMINISTRATIVE AND OTHER EXPENSES

(₹ in '000)

Particulars	**Year Ended**	
	31-Mar-16	**31-Mar-15**
Business sourcing Incentive	**12 31 45**	10 78 12
Collection Charges	**11 44 32**	3 54 59
Investigation and Professional Charges for Auto loans	**5 69 92**	3 75 50
Rent	**3 30 51**	2 86 49
Advertisement Expenses	**1 55 17**	24 51
Communication Expenses	**1 54 72**	1 23 52
Printing & Stationery	**1 20 46**	93 43
Travelling Expenses	**1 01 33**	66 26
Rates & Taxes (excluding taxes on income)	**5 67**	12 01
Power and Fuel	**30 52**	26 54
Repairs and Maintenance	**22 67**	15 67
Insurance	**61 95**	61 14
Business Promotion Expense	**17 16**	21 97
Internal Audit Fees	**7 87**	7 64
Payment to Statutory Auditors	**16 73**	12 01
Expenditure against Corporate Social Responsibility Activities	**70 00**	60 00
Miscellaneous Expenses	**48 07**	36 84
Total	**40 88 52**	26 56 24

Payment to Statutory Auditors

(₹ in '000)

Particulars	**Year Ended**	
	31-Mar-16	**31-Mar-15**
Audit fees (including for Limited Review)	**10 49**	9 07
Taxation matters	**2 79**	1 50
Other Services	**3 45**	1 44
Total	**16 73**	12 01

Expenditure against Corporate Social Responsibility Activities

(a) Gross Amount required to be spent by the company during the year is ₹ 66 70 thousand.

(b) Amount spent during the year on:

(₹ in '000)

	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/ Acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	70 00	-	70 00

2.24 PROVISIONS AND WRITE OFF

(₹ in '000)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Loss on sale of repossessed assets	**9 47 47**	9 51 47
Hypothecation Loan Written off*	**3 04 24**	-
Provisions for:		
Non Performing Assets (Net)	**3 97 66**	3 24 75
Standard Assets	**93 00**	34 11
Others	**1 00**	-
Total	**17 43 37**	13 10 33

* An amount of Rs.3 04 24 thousand has been written off against the non-performing hypothecation loans pertaining to the doubtful assets category.

3. Defined Benefit Plans- Gratuity Valuation

The Company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards the gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme and the company has to make contributions under such scheme.

A. Reconciliation of benefit obligation and plan asset for the year

(₹ in '000)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15

(i) Change in Defined Benefit Obligation

Opening Defined Benefit Obligation	**1 21 39**	1 31 17
Current Service Cost	**59 95**	57 73
Interest Cost	**9 71**	10 49
Past Service Cost	**21 99**	-
Benefits paid from fund	**(3 09)**	(2 98)
Actuarial Losses/ (Gain)	**(18 98)**	(75 02)
Closing Defined Benefit Obligation	**1 90 97**	1 21 39

(ii) Change in Fair Value of Plan Assets

Opening Fair Value of Plan Assets	**1 88 96**	94 25
Expected Return on Plan Assets	**15 70**	12 36
Contributions by employer	**19 91**	85 33
Benefits Paid	**(3 09)**	(2 98)
Closing Fair Value of Plan Assets	**2 21 48**	1 88 96

B. Amount recognized in Balance Sheet

(₹ in '000)

Particulars	Year Ended	
	31-Mar-16	**31-Mar-15**
Present Value of Funded Obligations	**(1 90 97)**	(1 21 39)
Fair Value of Plan Assets	**2 21 48**	1 88 96
Net Asset/(Liability)*	**30 51**	67 57

*The net gratuity plan asset of Rs.30 51 thousand as on March 31, 2016 is shown in the financial statements in the manner shown below;

(Rs. In ‘000)

Particulars	Note No	Amount
Gross Gratuity Plan Asset	2.13	32 07
Less: Contingent Provision for Gratuity	2.7	1 56
Net Gratuity Plan Asset		**30 51**

Refer Note No 2.7 – ‘Short term Provisions’ and Note No 2.13 – “Other Non Current Assets’

C. Expense recognized in the Statement of Profit and Loss.

(₹ in '000)

Particulars	Year Ended	
	31-Mar-16	**31-Mar-15**

Current Service Cost	**59 95**	57 73
Past Service Cost	**21 99**	-
Interest on defined benefit obligation	**9 71**	10 49
Expected return on plan asset	**(15 70)**	(12 36)
Net Actuarial losses/(gains) recognized in the year	**(18 98)**	(75 02)
Total, included in "Employee Benefits" as shown in Note 2.21	**56 97**	(19 16)

D. The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	Year Ended	
	31-Mar-16	**31-Mar-15**
Discount Rate (p.a.)	**8%**	8%
Salary Escalation Rate (p.a.)	**5%**	5%

4. Related Party Disclosures

Related party disclosures as per AS 18 – 'Related Party Disclosures' for the year ended 31st March 2016, are given below:

A. Particulars of companies/ Firms/Limited Liability Partnerships/ Trusts where control / significant influence exists:-

SL. No.	Name of the Company /Firms /LLP/ Trusts
	COMPANIES
1.	Muthoot Fincorp Limited
2.	Muthoot Housing Finance Company Limited
3.	Muthoot APT Ceramics Limited
4.	Muthoot Pappachan Technologies Limited
5.	Muthoot Equities Limited
6.	Finance Companies' Association (India)
7.	Muthoot Hotels Private Limited
8.	Fox Bush Agri Development and Hospitalities Private Limited
9.	Jungle Cat Agri Development and Hospitalities Private Limited

10.	Mandarin Agri Ventures and Hospitalities Private Limited
11.	MPG Hotels and Infrastructure Ventures Private Limited
12.	Muthoot Automobile Solutions Private Limited
13.	Muthoot Automotive (India) Private Limited
14.	Muthoot Pappachan Medicare Private Limited
15.	Muthoot Properties (India) Private Limited
16.	Muthoot Risk Insurance and Broking Services Private Limited
17.	Palakkad Infrastructure Private Limited
18.	The Thinking Machine Media Private Limited
19.	Buttercup Agri Projects and Hospitalities Private Limited
20.	EMMEL Realtors and Developers Private Limited
SL. No.	**Name of the Company**
21.	L. M. Realtors Private Limited
22.	Mariposa Agri Ventures and Hospitalities Private Limited
23.	Muthoot Buildtech (India) Private Limited
24.	Muthoot Holdings Private Limited
25.	Muthoot Land and Estates Private Limited
26.	Muthoot Motors Private Limited
27.	Muthoot Exim Private Limited
28.	Muthoot Infrastructure Private Limited
29.	Muthoot Agri Projects and Hospitalities Private Limited
30.	The Right Ambient Resorts Private Limited
31.	Muthoot Kuries Private Limited
32.	Muthoot Agri Development and Hospitalities Private Limited
33.	Muthoot Dairies and Agri Ventures Private Limited

34. Flame Agri Projects and Hospitalities Private Limited
35. Goblin Agri Projects and Hospitalities Private Limited
36. Alaska Agri Projects and Hospitalities Private Limited
37. Bamboo Agri Projects and Hospitalities Private Limited
38. Cinnamon Agri Development and Hospitalities Private Limited
39. Calypso Agri Development and Hospitalities Private Limited
40. EL Toro Agri Projects and Hospitalities Private Limited
41. Muthoot Pappachan Chits (India) Private Limited
42. MPG Security Group Private Limited
43. Pine Pink Agri Ventures and Hospitalities Private Limited

FIRMS/LLP/TRUSTS

44. Muthoot Bankers
45. Muthoot Cine Enterprise
46. Muthoot Estate Investments
47. Muthoot Finance Company
48. Muthoot Insurance Services
49. Muthoot Motors (Cochin)
50. MPG Apex Management LLP
51. MPG Automobiles LLP
52. MPG Land Developers LLP
53. Muthoot Pappachan Foundation

B. Promoters and Key Managerial Personnel (KMP)

Sl No.	Name of the Promoters and KMP	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	R. Manomohanan	Chief Executive Officer
5	Vinodkumar M. Panicker	Chief Finance Officer
6	Syam Kumar R.	Company Secretary & Head- Governance

C. Relatives of Promoters and Key Managerial Personnel (KMP)

Sl No.	Promoters and KMP	Name of Relatives	Nature of Relationship
1	Thomas John Muthoot	Mrs. Janamma Thomas	Mother
		Mrs. Preethi John	Spouse
		Ms. Susan John Muthoot	Daughter
		Mr. Thomas M John	Son
2	Thomas George Muthoot	Mrs. Nina George	Spouse
		Ms. Tina Suzanne George	Daughter
		Ms. Ritu Elizabeth George	Daughter
		Ms. Swetha Ann George	Daughter
3	Thomas Muthoot	Mrs. Remy Thomas	Spouse
		Ms. Suzannah Muthoot	Daughter
		Ms. Hannah Muthoot	Daughter
4	R Manomohanan	Mrs. S Krishnakumari	Spouse
		Mr. Binu Mohan M	Son
		Mr. Ginu Mohan M	Son
5	Vinodkumar M Panicker	Mrs. Rashmi V Panicker	Spouse
		Ms. Priyanka V Panicker	Daughter
		Ms. Ananya V Panicker	Daughter
6	Syam Kumar R	Mrs. Maya R Unnithan	Spouse
		Ms. Nandini Syamkumar	Daughter
		Mr. Nandan Syamkumar	Son

i. Details relating to transactions with parties referred to in Item (A):

(₹ in '000)

Particulars	Name of the Related Party	2015-2016	2014-2015
Income:			
Income from Wind Mill Operations	Muthoot Bankers	**3 91**	7 13
Interest Income	Muthoot Fincorp Limited	**1 03**	67 83
Interest on Loan Buyout-Micro Finance Portfolio	Muthoot Fincorp Limited	**4 93 03**	-
Income form Term Loan	MPG Security Group Pvt Ltd	**2 71**	-

Income from Hypothecation Loan	Muthoot Pappachan Medicare Pvt Ltd	**37**	-

Particulars	Name of the Related Party	2015-2016	2014-2015
Expenses:			
Brokerage paid for canvassing Public Deposits and Sub Debt	Muthoot Exim Pvt Limited	**1 03 11**	1 54 38
Business Sourcing Incentive	(i) Muthoot Automotive (India) Pvt. Ltd		7
	(ii) Muthoot Motors (Cochin)	**47 09**	55 50
	(iii) Muthoot Motors Pvt Ltd	**1 44**	83
	(iv) Muthoot Fincorp Limited *	**3 63 09**	2 34 31
Collection Charges	Muthoot Fincorp Limited *	**4 15 81**	3 41 12
Wind Mill Expense	Muthoot Bankers *	**3 04**	342
CSR Expenses	Muthoot Pappachan Foundation	**70 00**	60 00
Travelling Expenses	Muthoot Fincorp Limited	**8 41**	6 58
Advertisement Expenses	Muthoot Motors	**92**	1 23
Printing and Stationary	Muthoot Motors	**15**	-
Rent on Space Sharing	Muthoot Fincorp Limited *	**26 45**	23 25
Rent	Muthoot Estate Investments	**71 22**	67 58
Reimbursement of	Muthoot Motors	**47**	-
Expenses- Repairs and			-
Maintenance	Muthoot Fincorp Limited	**33 16**	
Reimbursement of Expenses- Medicalim Insurance			
Assets:			
Trade Receivables	Muthoot Bankers	**-**	31
Debts due by Related Party	Muthoot Fincorp Limited	**2 66**	2 12 42
Rent Deposit	(i) Muthoot Estate Investments	**30 17**	30 17
	(ii)Muthoot Fincorp Limited	**10 17**	10 17
Term Loan including interest accrued	MPG Security Group Private Limited	**1 37 61**	-
Buyout Loan –Micro Finance		**13 91 99**	29 99 97

portfolio	Muthoot Fincorp Limited**		
Hypothecation loan receivable including interest accrued	Muthoot Pappachan Medicare Private Ltd	**12 25**	-
Liabilities:			
Business Sourcing Incentive Payable	(i) Muthoot Motors (Cochin)	**5 97**	8 77
	(ii) Muthoot Motors Pvt Ltd	**18**	30
			-

Particulars	Name of the Related Party	2015-2016	2014-2015
Trade Advance -Payable	(i) Muthoot Motors (Cochin)	**20 04**	
Collection Charges and Business Sourcing Incentive Payable	(i)Muthoot Fincorp Limited	**1 19 91**	1 03 82
Windmill Expense Payable (Trade Payable)	Muthoot Bankers	**82**	
Brokerage Payable for canvassing Public Deposits and Sub Debt	Muthoot Exim Private Limited	**2 93**	34 48

* Transactions approved by the shareholders in the Annual General Meetings held on September 03, 2014 and August 21, 2015.

** This amount represents the balance collectable (₹. 13 91 99 thousand) against the Loan Buyout transaction concluded during the years 2014-15 and 2015-16 between the Company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction the portfolio of loans was bought from Muthoot Fincorp Limited at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the Company.

ii. Details relating to transactions with parties referred to in Item (B):

(₹ in '000)

Particulars	Related Party	2015-2016	2014-2015
Expenses:			
Salaries, Allowances and Incentives	(i) Thomas George Muthoot	**1 50 00**	1 50 00
	(ii) R.Manomohanan	**83 42**	97 28
	(iii)Vinodkumar M Panicker	**61 93**	51 69

	(iv) Syam Kumar R	**17 98**	12 69
PF Contribution	(i) Thomas George Muthoot	**9 00**	9 00
	(ii) R.Manomohanan	**7 38**	7 20
	(iii)Vinodkumar M Panicker	**4 13**	3 60
	(iv) Syam Kumar R	**22**	15
Reimbursement of Expenses	(i) Thomas George Muthoot	**2 77**	1 62
	(ii) R.Manomohanan	**4 73**	3 71
	(iii)Vinodkumar M Panicker	**3 51**	3 87
Interest on Loan From Director	(i)Thomas George Muthoot	**58 25**	57 28
	(ii)Thomas John Muthoot	**21**	-
	(iii)Thomas Muthoot	**5**	-
Interest on Subordinate Debt	Thomas George Muthoot	**17 93**	-
Dividend and Interim Dividend Paid	(i) Thomas John Muthoot	**2 99 35**	1 28 29
	(ii) Thomas George Muthoot	**2 98 89**	1 28 09
	(iii) Thomas Muthoot	**2 93 68**	1 25 86
	(iv)R. Manomohanan	**4**	2
Rent Paid	Thomas George Muthoot	**1 85 69**	1 72 73
Security Charges	Thomas George Muthoot		15
Assets:			
Rent Deposit	Thomas George Muthoot	**25 00**	25 00
Liabilities:			
Loan from Directors (including interest accrued)	(i)Thomas George Muthoot	**10 53 15**	2 73 05
	(ii)Thomas John Muthoot	**1 56 18**	
	(iii)Thomas Muthoot	**1 55 05**	
Subdebt (including interest accrued	Thomas George Muthoot	**3 01 28**	
Rent Payable	Thomas George Muthoot		14 79
Loan From Directors:			
Maximum amount due in transaction with directors		**13 64 38**	8 72 92

iii. Details relating to transactions with relatives of Key Managerial Personnel

(₹ in '000)

Particulars	Relationship	2015-2016	2014-2015
Dividend and Interim Dividend Paid	Relatives of Key Managerial Personnel	**89 33**	38 20

5. LEASES

The Lease rentals charged during the period and the maximum obligation on operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in '000)

Sl No	Particulars	Transaction for the Year 2015-16	Transaction for the Year 2014-15
1	Lease rentals recognized during the period	**3 30 51**	2 79 80
2	Lease obligations payable		
	Not later than one year	**2 41 88**	3 06 24
	Later than one year and less than five years	**2 96 34**	3 87 45
	Later than five years	**66 33**	86 67
	Total	**9 35 06**	10 60 16

The operating lease arrangements are renewable on a periodic basis and relates to rented premises.

The lease agreements have price escalation clauses.

6. EARNING PER SHARE

Particulars	As at 31-Mar-16	As at 31-Mar-15
Net profit or loss for the year attributable to equity shareholders (in ₹ '000)	**22 85 34**	22 29 15
Weighted average number of equity shares (in '000)	**1 24 73**	1 24 73
Basic and Diluted Earnings per share (in ₹.) (Face Value of ₹.10 Per Share)	**18.32**	17.87

7. CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in '000)

Particulars	As at 31-Mar-16	As at 31-Mar-15
Income Tax issues where the Company is in appeal	**1 87**	23 58

During the year the Company paid ₹.23 58 thousand towards income tax in respect of the Assessment years 2002-03 and 2003-04 and fully charged the same to the Statement of Profit and Loss.

8. GENERAL

(i) Some of the Receivables and Payables, Loans and Advances, Hypothecation loans, Deposits, Secured Debentures and Unsecured Loans are subject to confirmation/reconciliation due to non-receipt of the statement of accounts and confirmation letters. Necessary adjustments, if any, in the accounts will be made on completion of the reconciliation/receipt of confirmation letters/statement of accounts.

(ii) **Amount Payable To Micro, Small And Medium Enterprises**

There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(iii) **Particulars showing maturity pattern of secured privately placed Redeemable Non-Convertible Debentures**

Secured by a charge on all movable assets, book debts, receivables and advances including loan against gold created by the Company.

(in ₹.'000)

Series No	Financial Year of Maturity	Number of Debentures (in No.'s)	Amount
B	2014-15	10	10
	Sub Total	**10**	**10**
G	2015-16	50	50
	Sub Total	**50**	**50**
H	2010-11	2	2
	2015-16	18	18
	2016-17	30 68	30 68
	Sub Total	**30 88**	**30 88**
I	2015-16	3 00	3 00
	2016-17	11 65	11 65
	Sub Total	**14 65**	**14 65**
J	2011-12	11	11
	2016-17	25 28	25 28
	Sub Total	**25 39**	**25 39**
K	2011-12	2	2
	2016-17	4 62	4 62
	Sub Total	**4 64**	**4 64**
M	2012-13	60	60
	2016-17	58 59	58 59
	2017-18	25 00	25 00
	Sub Total	**84 19**	**84 19**
N	2012-13	38	38
	2015-16	64	64
	2017-18	86 17	86 17
	Sub Total	**87 19**	**87 19**
P	2017-18	4 00	4 00
	Sub Total	**4 00**	**4 00**
R	2014-15	25	25
	2015-16	1 28	1 28
	2016-17	36 76	36 76
	2018-19	8	8
	Sub Total	**38 37**	**38 37**
	Total	**2 89 91**	**2 89 91**

Summary of Year Wise Maturity Pattern of the Debentures

(₹. in '000s)

Financial Year of Maturity	Amount
2010-11	2
2011-12	13
2012-13	98
2014-15	35
2015-16	5 60
2016-17	1 67 58
2017-18	1 15 17
2018-19	8
Total	**2 89 91**

(iv) Cost Insurance Freight (CIF) value of imports - NIL

(v) Expenditure in foreign currency - ₹ 3 47 thousand

(vi) Earnings in Foreign Currency - NIL

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9. REPORTING ON FRAUD

During the year there have been certain instances of fraud on the Company by employees, where in hypothecation loans related misapproppriations or cash embazzlements have occured for amounts aggregating to ₹ 4 28 thousand. The Company fully recovered the said amount of ₹ 4 28 thousand.

10. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007.

Liabilities side:

1. Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:

(₹. in '000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
a)	Debentures : Secured	4 94 67	11 73
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of Public Deposits)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans		
	Dhanlaxmi Bank Limited	21 08 00	Nil
	HDFC Bank Ltd	6 06 66	Nil
	IDBI Bank Ltd	13 93 94	Nil
	YES Bank Ltd	7 50 00	Nil
	South Indian Bank Ltd	20 32 00	Nil
d)	Inter- corporate loans and borrowings	1 40 92	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	1 14 68 18	4 47 87
g)	Other loans		
	Sub Debt	17 75 22	Nil
	<u>Working Capital Demand Loan</u>		
	Andhra Bank Ltd	25 01 51	Nil
	Federal Bank Ltd	12 09 82	Nil
	HDFC Bank Ltd	20 16 27	Nil
	ICICI Bank Ltd	24 49 00	Nil
	IndusInd Bank Ltd	9 50 00	Nil
	Kotak Mahindra Bank Ltd	15 00 48	Nil
	Punjab National Bank Ltd	80 72 02	Nil
	State Bank of Hyderabad Ltd	34 90 21	Nil
	State Bank of India Ltd	90 69 80	Nil
	State Bank of Travancore Ltd	1 11 03 70	Nil
	Yes Bank Ltd	10 17 08	Nil

Sl No	Particula₹	Amount Outstanding	Amount Overdue
	<u>Cash Credit</u>		
	Andhra Bank Ltd	8 16 52	Nil
	Axis Bank Ltd	5 49 17	Nil
	City Union Bank Ltd	9 96 51	Nil
	Corporation Bank Ltd	29 82 12	Nil
	Dhanlaxmi Bank Ltd	9 13 46	Nil
	Federal Bank Ltd	2 89 23	Nil
	Lakshmi Vilas Bank Ltd	24 87 12	Nil
	Punjab National Bank Ltd	19 23 95	Nil
	South Indian Bank Ltd	62 85 16	Nil
	State Bank of India Ltd	8 21 01	Nil
	Syndicate Bank Ltd	22 97 23	Nil
	Tamilnad Mercantile Bank Ltd	34 99 72	Nil
	Loans and Advances From Directors (Unsecured)	13 64 38	Nil
	Total	**8 93 75 06**	**4 59 60**

Note 1 – Overdue of ₹. 11 73 thousand in respect of Secured Debentures represents debentures for which payments could not be made as proper claims were not received from debenture holders.

Note 2 – Overdue of ₹. 4 47 87 thousand in respect of Public Deposits includes deposits of ₹.1 21 89 thousand pending renewal and deposits of ₹.3 25 98 thousand for which payments could not be made as proper claims were not received from deposit holders.

Note 3- Balance outstanding against amounts borrowed from banks is inclusive of Interest accrued but not due.

2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

(₹. in '000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
a)	In the form of Unsecured Debentures	Nil	Nil
b)	In the form of partly Secured Debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other Public Deposits	1 14 68 18	4 47 87

Assets Side:

3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

(₹. in '000)

Sl No	Particulars	Amount Outstanding
(a)	Secured	1 01 08 93
(b)	Unsecured	5 38 58

4. Break up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities:

(₹. in '000)

Sl No	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	2 23
	(b) Loans other than (a) above	9 32 31 41

5. Break-up of Investments:

(₹. in '000)

Sl No	Particulars	Amount Outstanding	Market value
	Current Investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	13 74 94	14 48 80
	(v) Others		
	Gold Exchange traded fund of UTI	19	51
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Total	**13 75 13**	**14 49 31**

6. Borrower group-wise classification of all Leased Assets, Stock – on – Hire and Loans and Advances:

(₹. in '000)

Sl No	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group*	15 41 85	Nil	15 41 85
	(c) Other related parties	Nil	Nil	Nil
2	Other than related parties	1008 86 27	5 38 25	1014 24 52
	Total	**1024 28 12**	**5 38 25**	**1029 66 37**

* This includes the balance collectable (₹. 13 91 99 thousand) against the Loan Buyout transactions concluded during the years 2014-15 and 2015-16 between the Company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction the portfolio of loans was bought from Muthoot Fincorp Limited at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the Company.

7. Investors group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹. in '000)

Sl No	Category	Market Value/ Break-up orFair Value or NAV	Book Value (Net of provisions)
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2	Other than related parties	14 49 31	13 75 13
	Total	**14 49 31**	**13 75 13**

8. Other Information:

(₹. in '000)

Sl No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	54 17 16
(ii)	Net Non –Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	45 04 61
(iii)	Assets acquired in satisfaction of debt (After provision of ₹.2 23 thousand for diminution in the value of Repossessed Asset)	Nil-

9. Asset Classification

(₹. in '000)

Sl No	Category	Amount
1	Standard	984 61 76
2	Substandard	44 56 34
3	Doubtful	9 46 60
4	Loss Assets	14 22
	Total	**1038 78 92**

11. DISCLOSURES REQUIRED IN ACCORDANCE WITH REVISED REGULATORY FRAMEWORK ISSUED BY RBI FOR NON-BANKING FINANCIAL COMPANIES (NBFCs) ON NOVEMBER 10, 2014 AND THE RELATED NOTIFICATION DATED MARCH 27, 2015 (COLLECTIVELY REFERRED TO AS 'THE FRAMEWORK')

1 Disclosures

A. Capital

Particulars	March 31, 2016	March 31, 2015
i) Capital to Risk Weighted Asset Ratio (%)	15.40%	15.97%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	13.73%	15.40%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	1.67%	0.57%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value) (₹. in 000s)	14 52 56	276 08
v) Amount raised by issue of Perpetual Debt Instruments	-	-

Discounted value of Subordinated debts *(₹. In '000)*

Remaining maturity of Instruments	Rate of Discount	March 31, 2016		March 31, 2015	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	**Nil**	**Nil**	Nil	Nil
More than 1 year but upto 2 years	80%	**Nil**	**Nil**	Nil	Nil
More than 2 years but upto 3 years	60%	**2 58 32**	**1 03 33**	Nil	Nil
More than 3 years but upto 4 years	40%	**Nil**	**Nil**	2 58 32	154 99
More than 4 years but upto 5 years	20%	**1 26 59**	**1 01 27**	Nil -	Nil -
More than 5 years	0%	**12 47 96**	**12 47 96**	1 21 09	1 21 09
Total		**16 32 87**	**14 52 56**	3 79 41	2 76 08

B. Investments

(₹. in 000)

Sl No.	Particulars	March 31, 2016	March 31, 2015
(1)	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	**13 75 13**	13 53 65
	(b) Outside India	**Nil**	Nil
	(ii) Provisions for Depreciation		
	(a) In India	**Nil**	Nil
	(b) Outside India	**Nil**	Nil
	(iii) Net Value of Investments		
	(a) In India	**13 75 13**	13 53 65
	(b) Outside India	**Nil**	Nil
(2)	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	**Nil**	Nil
	(ii) Add : Provisions made during the year	**Nil**	Nil
	(iii) Less : Write-off / write- back of excess provisions during the year	**Nil**	Nil
	(iv) Closing balance	**Nil**	Nil

C. Derivatives

(i) Forward Rate Agreement or Interest Rate Swap

(₹. in 000)

Sl No.	Particulars	2015-2016	2014-2015
(1)	The notional principal of swap agreements	**Nil**	Nil
(2)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	**Nil**	Nil
(3)	Collateral required by the NBFC upon entering into swaps	**Nil**	Nil
(4)	Concentration of credit risk arising from the swaps	**Nil**	Nil
(5)	The Fair value of the swap book	**Nil**	Nil

(ii) Exchange Traded Interest Rate (IR) Derivatives

(₹. in 000)

Sl No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR Derivatives undertaken during the year (Instrument-wise)	Nil
(ii)	Notional principal amount of exchange traded IR Derivatives outstanding as on 31st March, 2016 (Instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded IR Derivatives outstanding and not "highly effective" (Instrument-wise)	Nil
(iv)	Mark- to market value of exchange traded IR derivatives outstanding and not "highly effective" (Instrument-wise)	Nil

(iii) Disclosures on Risk Exposure in derivatives

(a) Qualitative Disclosures- Nil

(b) Quantitative Disclosures

(₹. in 000)

Sl. No	Particulars	Currency Derivatives	Interest Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For Hedging	Nil	Nil
(ii)	Marked to Market Positions [1]		
	(a) Asset (+)	Nil	Nil

	(b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

D. Disclosures relating to Securitization

i. SPVs and Minimum Retention Requirements

(₹. in 000)

Sl No.	Particulrsa	No./ Amount
1	No of SPVs sponsored by the NBFC for securitization transactions*	Nil
2	Total amount of securitized assets as per books of the SPVs sponsored	Nil
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet	
(a)	Off-Balance Sheet exposures	
	First loss	Nil
	Others	Nil
(b)	On-Balance Sheet exposures	
	First loss	Nil
	Others	Nil
4	Amount of exposures to securitization transactions other than Minimum Retention Requirement (MRR)	
(a)	Off-Balance Sheet exposures	
(i)	Exposure to own securitizations	
	First loss	Nil
	Other	Nil
(ii)	Exposure to third party securitizations	
	First loss	Nil
	Others	Nil
(b)	On-Balance Sheet exposures	
(i)	Exposure to own securitizations	
	First loss	Nil
	Others	Nil
(ii)	Exposure to third party securitizations	
	First loss	Nil
	Others	Nil

*Only the SPVs relating to outstanding securitization transactions may be reported here

ii. Details of Financial Assets sold to Securitisation or Reconstruction Company for Asset Reconstruction

(₹. in 000)

Sl No	Particulars	2015-2016	2014-2015
(i)	Number of Accounts	**Nil**	Nil
(ii)	Aggregate Value(Net of Provisions) of accounts sold to SC/ RC	**Nil**	Nil
(iii)	Aggregate Consideration	**Nil**	Nil
(iv)	Additional Consideration Realized in respect of accounts transferred in earlier years	**Nil**	Nil
(v)	Aggregate gain/ loss over Net Book Value	**Nil**	Nil

iii. Details of Assignment Transactions undertaken by NBFCs

(₹. in 000)

Sl No.	Particulars	2015-2016	2014-2015
(i)	Number of Accounts	5 126	5 126
(ii)	Aggregate Value (Net of Provisions) of accounts sold	41 39 82	41 39 82
(iii)	Amount of Exposures retained by the company towards MRR*	4 13 98	4 13 98
(iv)	Amount of Exposures for assignment other than the MRR*	37 25 84	37 25 84
(v)	Additional Consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(vi)	Aggregate gain/ loss over Net Book Value	Nil	Nil
(vii)	Balance outstanding as at the end of the year	Nil	71 05

* MRR means Minimum Retention Requirement

Note: The above mentioned assignment transaction was closed as on 30th June 2015.

iv. Details of Non Performing Financial Assets purchased or sold

a. Details of Non Performing Financial Assets purchased

(₹. in 000)

Sl No.	Particulars	2015-2016	2014-2015
1	(a) Number of accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2	(a) Of these, number of accounts restructured during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

b. Details of Non Performing Financial Assets sold

(₹. in 000)

Sl No.	Particulars	2015-2016	2014-2015
1	Number of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

E. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities

(₹. in 000)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Assets									
Hypothecation Receivables	137 57 64	55 98 36	54 44 10	153 07 37	243 41 86	286 34 47	1 42 69	4 92	932 31 41
Other Advances	6 79 18	8 12 48	6 21 88	16 37 75	23 11 24	45 79 48	5 50	Nil	106 47 51
Total	**144 36 82**	**64 10 84**	**60 65 98**	**169 45 12**	**266 53 10**	**332 13 95**	**1 48 19**	**4 92**	**1038 78 92**
Investments							13 25 13	50 00	13 75 13
Total							**13 25 13**	**50 00**	**13 75 13**
Borrowings									
Public Deposits	10 75 26	8 40 90	5 82 93	7 80 31	26 85 47	41 31 06	13 72 25	Nil	114 68 18
Debentures	42 00	21 31	21 35	54 23	1 63 09	1 92 69	Nil	Nil	4 94 67
Sub Debts	3 11	Nil	Nil	Nil	10 45	3 29 56	1 50 83	12 81 27	17 75 22
Loan from Directors	Nil	Nil	Nil	Nil	13 64 38	Nil	Nil	Nil	13 64 38
Inter Corporate Deposit	Nil	Nil	1 40 92	Nil	Nil	Nil	Nil	Nil	1 40 92
Bank Loan	110 97 58	204 34 95	40 81 19	66 12 20	292 31 10	25 14 67	1 60 00		741 31 69
Total	**122 17 95**	**212 97 16**	**48 26 39**	**74 46 74**	**334 54 49**	**71 67 98**	**16 83 08**	**12 81 27**	**893 75 06**

**includes Interest accrued*

F Exposures

(i)Exposure to Real Estate Sector

(₹. In 000)

Sl No.	Category	2015-2016	2014-2015
(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	**Nil**	Nil
	(ii) Commercial Real Estate-		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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 limits.	**Nil**	Nil
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
	(a) Residential	**Nil**	Nil
	(b) Commercial Real Estate	**Nil**	Nil
Total Exposure to Real Estate Sector		**Nil**	Nil

The balance of unsecured loan lent to Real-Estate Sector as on March 31, 2016 is Rs.Nil (Balance as on March 31, 2015 ₹ 4 06 40 thousand)

(ii) Exposure to Capital Market

(₹. in 000)

Sl No.	Particulars	2015-2016	2014-2015
(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;	**Nil**	28 52
(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	**Nil**	Nil

	security;		
(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 or convertible bonds or convertible debentures or units of equity oriented mutual funds does not fully cover the advances;	**Nil**	Nil
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares or bonds or 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 or issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**Nil**	28 52

iii. Details of financing of parent company products – NIL

iv. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company – NIL

v. Unsecured Advances

The unsecured Loans against Demand Promissory Notes (DPN) executed by the borrowers and outstanding as at 31.03.2016 is ₹. 5 38 58 thousand (as at 31.03.2015 ₹. 7 21 88 thousand).

G.Registration obtained from other financial sector regulators – NIL

H.Disclosure of Penalties imposed by Reserve Bank of India and other regulators – NIL

L. Ratings Assigned by Credit Rating Agencies and migration of ratings during the year

Sl No.	Name of the Rating Agency	Rated Instrument	Rating

1	CRISIL	Short Term Debts	CRISIL A1
2	CRISIL	Public Deposits	FA / Stable
3	CRISIL	Bank Loan Facility	CRISIL A/ Stable
4	CRISIL	Non- Convertible Debentures	CRISIL A/ Stable

J. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss

(in ₹. 000)

Provisions and Contingencies	2015-2016	2014-2015
Provision for:		
Non-Performing Assets (Net)	**3 97 66**	3 24 75
Standard Assets	**93 00**	34 11
Others	**1 00**	-
Provision made towards Income tax	**14 34 00**	13 23 00
Total	**19 25 66**	16 81 86

K. Drawn Down from Reserves- Nil

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits (for deposit taking NBFCs) *(₹. in 000)*

Total Deposits of twenty largest depositors	5 21 18
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	4.76%

ii. Concentration of Advances

(₹. in 000)

Total Advances to twenty largest borrowers	104 69 85
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	10.21%

iii. Concentration of Exposures

(₹. in 000)

Total Exposure to twenty largest borrowers / customers	104 69 85
Percentage of Exposures to twenty largest borrowers / customrse to Total Exposure of the NBFC on borrowers / customers	10.21%

iv. Concentration of NPAs

(₹. in 000)

Total Exposure to top four NPA accounts	5 97

v. Sector-wise NPAs

Sl No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities (Against Gold Security)	100%
2	MSME	0%
3	Corporate borrowers	0%
4	Services	0%
5	Unsecured personal loans	0.51%
6	Auto loans	5.88%
7	Other personal loans	0.56%

vi . Movement of NPAs

(₹. in 000)

Sl No.	Particulars	2015- 2016	2014- 2015
(i)	**Net NPAs to Net Advances (%)**	**4.34%**	3.32%
(Ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**32 68 64**	15 40 33
(b)	Additions during the year *	**57 28 77**	34 15 40
(c)	Reductions during the year	**35 80 25**	16 87 09
(d)	Closing balance	**54 17 16**	32 68 64
(iii)	**Movement of Net NPA's**		
(a)	Opening balance	**27 53 75**	13 50 19
(b)	Additions during the year	**53 31 11**	30 90 57
(c)	Reductions during the year	**35 80 25**	16 87 01
(d)	Closing balance	**45 04 61**	27 53 75

(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	**5 14 89**	1 90 14
(b)	Provisions made during the year (net)**	**3 97 66**	3 24 83
(c)	Write-off / write- back of excess provisions	**Nil**	8
(d)	Closing balance	**9 12 55**	5 14 89

* Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as 'the framework') to address various matters including harmonization of asset classification and provisioning norms wherein the provisioning norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31.03.2016

(ii) if they become overdue for 4 months for the financial year ending 31.03.2017

(iii) if they become overdue for 3 months for the financial year ending 31.03.2018 and thereafter.

Currently, the company classifies NPAs at 5 months default. Due to this, additions to Non-Performing Assest as on 31 st March, 2015 increased by ₹. 21 37 64 thousand.

Further with an aim to align itself with the provisioning rates prescribed in the framework, the company has made an adhoc provision on perceived credit risk. The total adhoc provision created and outstanding as on 31st March 2016 is ₹.52 70 Thousand.

**Note - In addition an amount of Rs.3 04 24 thousand has been written off against the non-performing hypothecation loans pertaining to the doubtful assets category.

M. Overseas Assets (for those with joint ventures and subsidiaries abroad) - NIL

N. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) - NIL

O.Customer Complaints pertaining to the Financial Year

Sl No.	Particulars	Number
(a)	No. of complaints pending at the beginning of the year	3
(b)	No. of complaints received during the year	44
(c)	No. of complaints redressed during the year	47

(d) No. of complaints pending at the end of the year Nil

P. Restructuring of Advances

In certain cases, the company has granted extension of time for a short period ranging from one month to three months. The particulars of such accounts are given below:

(₹. in 000)

Sl. No	Particulars	Type of restructuring	Under CDR mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Asset classification	Standard	Sub standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub standard	Doubtful	Loss	Total	Standard	Sub standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1 of the FY(Opening figures)*	No. of borrowers											3				3	3				3
		Amount outstanding											30 69				30 69	30 69				30 69
		Provision thereon																				
2	Fresh restructuring during the year	No. of borrowers											8				8	8				8
		Amount outstanding											2 08 45				2 08 45	2 08 45				2 08 45
		Provision thereon																				
3	Upgradation to restructured standard category during the FY	No. of borrowers											9				9	9				9
		Amount outstanding *											2 39 14				2 39 14	2 39 14				2 39 14
		Provision thereon																				

Sl. No	Particulars	Type of restructuring	Under CDR mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Asset classification	Standard	Sub standard	Doubtful	Loss	Total	Standard	Sub standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub standard	Doubtful	Loss	Total
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
5	Down gradations of Restructured Accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
6	Write offs Restructured Accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
7	Restructured accounts as on March 31 of the FY (Closing Figures)**	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				

*Includes amount repaid for accounts closed during the year.

** Excluding the figures of Standard Restructured Advances which does not attract higher provisioning or risk weight (if applicable).

12. Previous year figures have been reworked, re-grouped, re-arranged and re-classified to conform to the current year presentation.

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

CA .A. GOPALAKRISHNAN

PARTNER
Membership Number: 18159

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place – Kochi

Date – 19th April, 2016

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY & HEAD- GOVERNANCE

K. VENKATACHALAM AIYER & Co.
CHARTERED ACCOUNTANTS

No.41/3647B, First Floor
BLUE BIRD TOWERS
Providence Road, Ernakulam
KOCHI – 682 018

Tel · (0484) 2396511, 2396513
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MUTHOOT CAPITAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MUTHOOT CAPITAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 control, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2017, its Profit and its Cash Flow for the year ended on that date.

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 Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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) Amendment Rules, 2017, 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 7 to the financial statements;
ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
iv. The company has provided requisite disclosures of the direct receipts and payments, in cash, made by the company, in the financial statements, as to holdings as well as dealings in Specified Bank Notes, during the period from 8th November, 2016 to 30th December, 2016. However with regard to the Collection amounts directly remitted in the company's bank account by customers/ borrowers/ collection agencies/ company executives in cash, the particulars regarding the remittance, if any, made in specified bank notes were not furnished by the bank. Hence the company is not able to furnish the relevant particulars of such deposits, if any, made through Specified Bank Notes - Refer Note 9 to the financial statements.

For K. VENKATACHALAM AIYER & Co
Chartered Accountants
FRN: 004610S

CA A. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi
Date: 18th April, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date;

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
   (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items and no material discrepancies between the books and the physical fixed assets have been noticed.
   (c) The company does not have any immovable property and hence the requirement of furnishing the particulars as per clause 3 (1) (c) of the order is not applicable.

2. Except for the repossessed assets from borrowers and stock of stationery, the company does not have any other stock of inventory. These Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In our opinion and according to the information and explanations given to us, material discrepancies were not noticed on such physical verification.

3. The Company has granted two secured loans to two companies and unsecured loans to a partnership firm covered in the Register maintained under section 189 of the Act in respect of which;
   (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
   (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
   (c) There is no overdue amount remaining outstanding as at the balance sheet date.

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, as applicable, in respect of loans, investments, guarantees, and security.

5. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in relation to any matter connected with the company.

6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act for the services rendered by the company.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. 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, 2017 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as on 31st March 2017 on account of dispute except the following;

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates- Financial Year	Amount involved *(Rs.in 000)*
Income Tax Act, 1961	Income Tax and Interest	Commissioner of Income Tax	2011-12	1 87/-
Total				**1 87/-**

8. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has not defaulted in repayment of any dues to financial institution or banks or debenture holders.
There are unpaid amounts against matured debentures amounting to Rs.7 49 thousand outstanding as on March 31, 2017 and the management has confirmed that they could not pay the same since claims were not received from the debenture holders.

9. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has utilized the debt instruments and term loans for the purpose for which they were actually obtained.

10. We have been informed that during the audit period there were no frauds.

11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable

and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14. Based upon the audit procedures performed and the information and explanations given 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 under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

16. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the Reserve Bank of India Act, 1934.

For K. VENKATACHALAM AIYER & Co
Chartered Accountants
FRN: 004610S

CA A. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi
Date: 18th April, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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 Capital Services Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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, issued by 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 evidences 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, 2017, 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 K. Venkatachalam Aiyer & Co
Chartered Accountants
Firm Regn No. 004610S

CA A. GOPALAKRISHNAN
Partner
Membership No. 18159

Place: Kochi
Date: 18th April, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

(Rs.in 000)

Particulars	Note	As At 31 Mar 17	As At 31 Mar 16
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2.1	12 47 26	12 47 26
Reserves and Surplus	2.2	165 51 24	135 42 07
		177 98 50	**147 89 33**
Non-Current Liabilities			
Long-term borrowings	2.3	54 71 11	28 81 91
Other long term liabilities	2.4	1 71 38	83 40
		56 42 49	**29 65 31**
Current Liabilities			
Short-term borrowings	2.5	815 90 30	732 97 98
Other current liabilities	2.6	205 07 84	149 04 56
Short-term provisions	2.7	22 79 77	12 53 55
		1043 77 91	**894 56 09**
Total		**1278 18 90**	**1072 10 73**
ASSETS			
Non-current assets			
Fixed assets	2.8		
Tangible assets		2 23 01	1 82 59
Intangible assets Under Development		36 15	-
Non-current investments	2.9	6 39 64	13 75 13
Deferred tax assets (net)	2.10	6 56 51	4 68 15
Long term receivables from financing activities	2.11	5 49 25	1 53 11
Long term loans and advances	2.12	34 40	23 49
Other Non - Current Assets	2.13	34 14	32 07
		21 73 10	**22 34 54**
Current assets			
Current investments	2.14	8 35 44	-
Cash and cash equivalents	2.15	14 48 51	8 00 82
Receivables from financing activities	2.16	1198 17 91	1037 25 81
Short term loans and advances	2.17	2 85 63	3 86 95
Other current assets	2.18	32 58 31	62 61
		1256 45 80	**1049 76 19**
Total		**1278 18 90**	**1072 10 73**
Significant Accounting Policies and Notes on Accounts	1 to 14		

The notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of Muthoot Capital Services Limited

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place - Kochi
Date - April 18, 2017

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAMKUMAR R
COMPANY SECRETARY & HEAD-GOVERNANCE

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs.in 000)

Particulars	Note	Year Ended 31 Mar 17	Year Ended 31 Mar 16
Income			
Revenue From Operations	2.19	284 04 49	227 82 23
Other Income	2.20	15 50	67 20
Total Revenue (I)		**284 19 99**	**228 49 43**
Expenses			
Employee Benefit Expense	2.21	53 14 64	46 69 72
Finance Costs	2.22	103 94 58	86 99 61
Depreciation and Amortization Expense	2.8	99 01	1 03 23
Administrative and Other Expenses	2.23	57 80 68	40 88 52
Provisions and Write Off	2.24	22 12 41	17 43 37
Total Expenses (II)		**238 01 32**	**193 04 45**
Profit Before Tax (I - II)		**46 18 67**	**35 44 98**
Tax Expenses			
Current Tax		18 15 00	14 34 00
Deferred Tax		(1 88 36)	(1 97 92)
Income Tax Adjustment For Earlier Years		(17 14)	23 56
Total Tax Expenses		**16 09 50**	**12 59 64**
Profit For The Year		**30 09 17**	**22 85 34**
Earning per equity share:			
Basic and Diluted	6	24.13	18.32
Significant Accounting Policies and Notes on Accounts	1 to 14		

The notes referred to above form an integral part of the Statement of Profit and Loss

For K.VENKATACHALAM AIYER & CO

CHARTERED ACCOUNTANTS

Firm Regn No: 004610 S

CA A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place - Kochi
Date -April18, 2017

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY & HEAD- GOVERNANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

(Rs.in 000)

	Year ended 31-Mar-17	31-Mar-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	**46 18 67**	35 44 98
Adjustments for:		
Depreciation	**99 01**	1 03 23
Provisions against Non - Performing Assets	**7 48 78**	3 97 66
Provisions against Standard Assets	**1 00 00**	93 00
Provisions Others	**(1 00)**	1 00
Loss / (Profit) from Capital Market Operations	**(2)**	(32 56)
Loss / (Profit) on sale of Assets	**(8)**	35
Interest on Investments	**(1 12 74)**	(1 06 36)
Dividend Income	**(7)**	(7)
	8 33 88	4 56 25
Operating Profit before Working Capital Changes	**54 52 55**	40 01 23
Net (Increase) / Decrease in Operating Assets:		
Short term loans and advances	**1 01 32**	(45 41)
Long term loans and advances	**(10 91)**	(6 74)
Receivables from financing activities	**(164 86 85)**	(192 24 00)
Bank Deposits	**(7 80 46)**	(1 74 04)
Other current assets	**(31 94 33)**	1 76 97
Other Non - current assets	**(2 08)**	35 50
	(203 73 31)	(192 37 72)
Net increase/ (decrease) in operating liabilities:		
Long term liabilities	**(96)**	-
Other current liabilities	**58 88 64**	2 98 27
Short-term provisions	**14 62**	(45 77)
	59 02 30	2 52 50
Net changes in working capital	**(144 71 01)**	(189 85 22)
Cash generated from Operations	**(90 18 46)**	(149 83 99)
Direct Taxes paid	**(16 35 43)**	(16 27 06)
Net cash (used in) Operating Activities	**(106 53 89)**	(166 11 05)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including intangible assets under development	**(1 76 39)**	(82 26)
Sale of Fixed Assets	**91**	48
Increase in Investments	**(1 01 33)**	(22 60)
Interest on Investments	**1 12 74**	1 06 36
(Loss) / Profit from Capital Market Operations	**2**	32 56

Dividend Income	**7**	7
Net cash (used in) Investing Activities	**(1 63 98)**	34 61
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in Secured debentures	**(2 61 88)**	(2 65 25)
Net increase / (decrease) in Sub –debt	**34 62 49**	13 28 52
Net increase in Public Deposits	**49 80**	1 10 64
Increase in Secured and Unsecured Borrowings	**74 44 44**	169 08 80
Inter Corporate Deposits	**11 77**	10 86
Dividend paid (including Corporate Dividend Tax)	**(21 53)**	(15 48 06)
Net cash generated from Financing Activities	**106 85 09**	165 45 51
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	**(1 32 78)**	(30 93)
Opening Balance of Cash and Cash Equivalents	**2 34 78**	2 65 71
Closing Balance of Cash and Cash Equivalents	**1 02 00**	2 34 78
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	**6**	2
Cash in Transit	**1 57**	-
- Balances with Banks	**57 46**	1 70 32
- Balances with Unpaid dividend accounts	**42 91**	64 44
Total Cash and Cash Equivalents	**1 02 00**	2 34 78

Note – Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to current year's classification

As per our report of even date attached
For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of MUTHOOT CAPITAL SERVICES LTD

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place – Kochi
Date - April 18, 2017

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAMKUMAR R
COMPANY SECRETARY & HEAD- GOVERNANCE

CORPORATE INFORMATION

Muthoot Capital Services Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Muthoot Capital Services Limited was incorporated on February 18, 1994 as a public limited company. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is registered as an A-category Deposit taking Non-Banking Financial Company (NBFC) with Reserve Bank of India. During the year, the Company was primarily engaged in the business of financing for purchase of automobiles, mainly two wheelers against hypothecation of the respective vehicles and granting of personal/business loans against Security of receivables, Term loans/ demand promissory notes. The Company also engaged itself in the business of buying loan portfolios from other NBFCs financing of the two wheelers /small business/micro finance segment. The Company has a reasonably good presence in the non-banking financial sector in rural and semi-urban areas.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

i. The financial statements for the year ended 31st March, 2017, have been prepared and presented under historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of the Companies Act, 2013, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non-Banking Financial Companies from time to time, wherever applicable.

ii. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of financial services provided and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 36 months for the purpose of classification of its assets and liabilities into current and non-current as per the requirements of Schedule III of the Companies Act, 2013.

iii. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

1.3 Revenue recognition

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

- **Income from Financial Services**

  i. Finance charges in respect of hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan installments are accounted as and when received by the Company.

  ii. Interest on loans and advances, including Loan Buyout and Other business loans, is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for belated payments are accounted as and when received.

  iii. Income in respect of Non-performing assets is recognized as and when received as per The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

  iv. Interest Income on SLR Investments/ Bank Deposits including collateral depositsis recognized on accrual basis.

  v. Income from securitization transaction, being interest spread under par structure of securitization loan receivables, is recognized over the tenure of the 'securities issued by SPV'.

- **Windmill Income**

  Income from power generation is recognized on supply of power to the grid as per the terms of the arrangement with the buyers of power.

- **Income from Investments**

  Dividend on investments is recognized as income, when right to receive payment is established by the date of Balance Sheet. The profit/loss on Capital Market Operations is recognized at the time of actual sale/redemption of investments.

1.4 Receivables from Financing Activities

The Company has followed the Master Directions dated 09 March 2017 issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments.

Hypothecation Loans

i. Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received and loans securitized.
ii. Advance installments received against Hypothecation loans is shown as current liabilities.
iii. Repossessed automobile assets are valued at lower of book value and estimated realizable value.

Securitization transactions: -

a. Securitized receivables are de-recognized in the Balance Sheet when they are sold i.e. if they fully meet the true sale criteria as per the Master Direction dated 09 March 2017 issued by the Reserve Bank of India.

b. Company's contractual rights to receive the share of the future interest (i.e. interest spread) in respect of the transferred asset from the SPV is capitalized at the present value as Interest Only (I/O) Strip(Interest Strip Retained on Securitization of Receivables) with the corresponding liability created for Unrealized Gains on Loan Transfer Transactions.

1.5 Fixed Assets, Depreciation/Amortization and Impairment

Fixed Assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs, if capitalization criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repairs and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

Depreciation on Tangible Fixed Assets

Depreciation on assets held for own use of the Company is provided on written down value method as per the useful years of life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013 and in accordance with revised Accounting Standard 10: Property, Plant and Equipment issued by the Ministry of Corporate Affairs on 30th March 2016.

The company has adopted the following as the useful years of life to provide depreciation on its fixed assets.

Sl No	Description of the Assets	Useful Years of Life
1	Motor vehicles	
	(i) Car	8
	(ii) Cycles, Scooters	10
2	Furniture and fittings	10
3	Office Equipments	5
4	Computer and Accessories	
	(i) Computers	3
	(ii) Networks and Servers	6
5	Windmill generator	22

Impairment of tangible and intangible assets

a) The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.

b) After impairment, depreciation is provided on the revised carrying amount of the asset as per the Useful Life as prescribed in Schedule II of the Companies Act 2013.

c) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value, after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.6 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

1.7 Investments

a) Investment in Government Securities

(i) Non - Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

(ii) Current Investments are valued at lower of cost and market value / net asset value.

b) Investments - Others

(i) Investments, which are readily realizable and intended to be held for not more than three years from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Non-Current Investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-Current Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

1.8 Income Tax

Tax expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

1.9 Retirement and Other Employee Benefits

a) Defined Contribution Plan

(i) Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due in accordance with the fund rules. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Employees State Insurance

The Company also contributes to Employees State Insurance Corporation on behalf of its employees.

b) Defined Benefit Plan – Gratuity

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/payable is determined on actuarial valuation done by an independent valuer. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit and Loss.

1.10 Segment Reporting

The Company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of hypothecation loans, term loans, buying loan portfolio of other NBFCs/ Micro Finance Companies and loan against demand promissory notes etc.). Hence additional disclosuresare not required under Accounting Standard 17 'Segment Reporting'.

The Company operates only in India; hence there is no other significant geographical segment that requires the disclosure.

1.11 Related Party Disclosures

Disclosures are made as per the requirements of the Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by Institute of Chartered Accountants of India.

1.12 Earnings per Share

The Company reports basic earnings per share in accordance with Accounting Standard-20 "Earnings per Share", issued by the ICAI. Basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

1.13 Cash and Cash Equivalents

a. Cash and Cash Equivalents in the cash flow statements comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity period of three months or less. Cash at bank excludes fixed deposits having a maturity more than three months held as SLR deposits and other deposits given as collateral security for securitization transactions.
b. Cash and cash equivalents in the balance sheet comprise cash at hand and at bank, remittances in transits and short term investments. Cash at bank includes deposit having a maturity of more than three months held as SLR deposits and other deposits given as collateral security for securitization transactions.

1.14 Material Events

Material Events occurring after the Balance Sheet date are taken into cognizance.

1.15 Expenses on Public Deposits / Debentures / Subordinated Debts/ Securitization

The interest on Public Deposits, Debentures and Subordinated Debt is recognized on accrual basis at the rate applicable to each scheme. The brokerage incurred on Public Deposits and subordinated debts are treated as expenditure in the year in which it is incurred. Expenditure on securitization is recognized upfront. The company has followed the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016.

1.16 Provisions other than that for Non-Performing Assets

A provision is recognized when the company has a present legal or constructive obligation as a result of past event, for which it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made for the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

1.17 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not 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.

1.18 Classification and provisioning of Assets as per RBI Guidelines

As per the guidelines given in the Master Directions dated 09 March 2017 issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments, the Company makes adequate provisions against Non-Performing Assets in the following manner;

a. Standard Assets:
Provision against Standard Assets is made at the rate of 0.35% as required by Paragraph 14 of The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated March 09, 2017.

b. Sub-standard, Doubtful and Loss Assets:
Provision as required by Paragraph 13 of The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated March 09, 2017.

c. i. Loans in the doubtful assets category held for a period of more than two years in respect of Hypothecation advance against two wheelers and three wheelersare written off as considered appropriate by the management.

d. Loss assets
Loans against security of gold ornaments in the loss asset category are written off as considered appropriate by the management.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2017

Amounts in the financial statements are presented in thousands, except for per share data and as otherwise stated.

BALANCE SHEET

2.1 SHARE CAPITAL

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Authorized		
1,50,00,000 equity shares of . 10 par value.	**15 00 00**	15 00 00
Issued, Subscribed and fully Paid up		
1,24,72,575 equity shares of . 10 par value.	**12 47 26**	12 47 26
Total	**12 47 26**	12 47 26

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31st March 2017 and 31st March 2016 is set out below:

Particulars	As at 31-Mar-17 No. of shares in '000	As at 31-Mar-17 Amount Rs.in 000	As at 31-Mar-16 No. of shares in '000	As at 31-Mar-16 Amount Rs.in 000
No of shares outstanding at the beginning of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26
Add: Additional shares issued during the year	**-**	**-**	-	-
No of shares outstanding at the end of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26

The Company has only one class of shares referred to as equity shares having a par value of 10. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The company do not propose to declare dividend and consequently the requirements of appropriation to the general reserve out of the profit for the year are not applicable.

Shareholders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-17 No of shares in '000	%	As at 31-Mar-16 No of shares in '000	%
Equity Shares				
Thomas John Muthoot	**28 51**	**22.86**	28 51	22.86
Thomas George Muthoot	**28 47**	**22.82**	28 47	22.82
Thomas Muthoot	**27 97**	**22.42**	27 97	22.42

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

2.2 RESERVES AND SURPLUS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Securities Premium Account:		
At the beginning of the year	**41 80 80**	41 80 80
Additions on shares issued during the year	**-**	-
At the end of the year	**41 80 80**	41 80 80
Statutory Reserve:		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	**28 25 79**	23 65 79
Add: Transfer from Surplus in Statement of Profit and Loss	**6 10 00**	4 60 00
At the end of the year	**34 35 79**	28 25 79
General Reserve:		
At the beginning of the year	**13 10 00**	10 80 00
Add: Transfer from Surplus in Statement of Profit and Loss	**-**	2 30 00
At the end of the year	**13 10 00**	13 10 00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	**52 25 48**	44 55 79
Add: Profit for the year	**30 09 17**	22 85 34
Less: Appropriations		

Transfer to Statutory Reserves	**(6 10 00)**	(4 60 00)
Transfer to General Reserves	**-**	(2 30 00)
Dividend		
Interim	**-**	(6 85 99)
Dividend Tax	**-**	(1 39 66)
At the end of the year	**76 24 65**	52 25 48
Total	**165 51 24**	135 42 07

2.3 LONG - TERM BORROWINGS

(Rs.in 000)

Particulars	As at	
	31-Mar-17	**31-Mar-16**
Secured:		
Term Loan from South Indian Bank	**-**	1 60 00
Unsecured:		
Subordinated Unsecured Term Loan – IFMR Capital Finance	**30 00 00**	-
Subordinate Debt	**17 09 98**	13 74 55
Public Deposits	**7 61 13**	13 47 36
Total	**54 71 11**	28 81 91

Maturity Pattern of Long Term Loans: *(Rs.in 000)*

	For the Financial Year 2016-2017			For the Financial Year 2015- 2016		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
South Indian Bank	**14 08 00**	**-**	**14 08 00**	18 72 00	1 60 00	20 32 00
Total	**14 08 00**	**-**	**14 08 00**	18 72 00	1 60 00	20 32 00

This liability towards term loan from South Indian Bank appears in the financial statements in the manner given below:

(Rs.in 000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Long- Term Borrowings	**2.3**	Term Loan from South Indian Bank	**-**	**1 60 00**
Other Current Liabilities	**2.6**	Current Maturities of Long debt: Term Loan from South Indian Bank	**14 08 00**	**18 72 00**
Total			**14 08 00**	**20 32 00**

Subordinated Loans (Sub Debts):

A. IFMR Capital Finance Private Limited -

The Company has taken two Subordinated Unsecured Term Loans from IFMR Capital Finance Private Limited of 15 00 00 thousand each on 29 Jun 2016 and 30 Mar 2017 respectively, with interest rates being 12.5% and 11.95%. The loans will be repaid only on maturityi.e. after 66 months from the date of availing the loan.

B. The Company has also accepted subordinated debts from public under three schemes, namely Monthly, Annual and Maturity schemes with interest rates ranging from 9.75% to 13.40%. The maturity period of the loan ranges from 60 months to 84 months.The subordinated debts issued under each scheme will be repaid only on maturity.

Maturity pattern of Subordinated Debts from public:

(Rs.in 000)

Interest Rate % per annum	For the Financial Year 2016-17				For the Financial Year 2015-16			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 to 12	-	-	15 88 89	15 88 89	-	-	12 53 46	12 53 46
>12 to 15	-	2 58 32	1 21 09	3 79 41	-	2 58 32	1 21 09	3 79 41
Total	-	2 58 32	17 09 98	19 68 30	-	2 58 32	13 74 55	16 32 87

This liability towards subordinated debts from public appears in the financial statements in the manner given below:

(Rs.in 000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Long - Term Borrowings	**2.3**	Subordinate Debts	**17 09 98**	13 74 55
Other Current Liabilities	**2.6**	Current Maturities of Long term Debts: Subordinated Debts	**2 58 32**	2 58 32
Total			**19 68 30**	16 32 87

C. The Unsecured Subordinated loans of the Company qualify as Tier II Capital under Master Directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 issued by Reserve Bank of India on August 25, 2016.

Public Deposits:

The Company has accepted Public Deposits under three schemes, namely Monthly, Annual and Maturity schemes. The deposits issued under each scheme will be repaid only on maturity, unless claimed by the depositor earlier and, if permissible, to be repaid as per the regulations issued in this regard by the Reserve Bank of India. The rate of interest on these deposits ranges from 7% to 12.5% per annum. The repayment period ranges from 12 months to 60 months

Maturity pattern of Public Deposits:

(Rs.in 000)

Interest Rate % per annum	For the Financial Year 2016-2017				For the Financial Year- 2015 - 2016			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
<=9	**1 21 64**	**60 30 09**	**73 51**	**62 25 24**	13 84	16 71 94	99 67	17 85 45
>9 to 12.5	**1 66 40**	**38 00 04**	**6 87 62**	**46 54 06**	4 27 36	74 96 67	12 47 69	91 71 72
Total	**2 88 04**	**98 30 13**	**7 61 13**	**108 79 30**	4 41 20	91 68 61	13 47 36	109 57 17

* The Matured Unclaimed Public Deposits include the Public Deposits - pending Renewal amounting 1 26 50 thousand as shown in Note No. 2.6 Other Current Liabilities (March 31, 2016: 1 21 89 thousand).

This liability towards Public Deposits appears in the financial statements in the manner given below:

(Rs.in 000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Long- Term Borrowings	**2.3**	Public Deposits	**7 61 13**	13 47 36
Other Current Liabilities	**2.6**	Current Maturities of Long Term Debt: Public Deposits	**98 30 13**	91 68 61
Other Current Liabilities	**2.6**	Deposits Pending Renewal	**1 26 50**	1 21 89
Other Current Liabilities	**2.6**	Unclaimed Matured Public Deposits	**1 61 54**	3 19 31
Total			**108 79 30**	109 57 17

2.4 OTHER LONG TERM LIABILITIES

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Non-current portion of interest accrued, but not due on:		
Subordinated Debt	**1 49 30**	57 55

Public Deposits	**22 08**	24 89
Others		
Security Deposits (Unsecured)	**-**	96
Total	**1 71 38**	83 40

Current portion of interest accrued, but not due on the above borrowings amounting to 7 19 97 thousand is shown in Note No. 2.6 under Other Current Liabilities (March 31, 2016: 5 64 25 thousand)

2.5 SHORT - TERM BORROWINGS

(Rs.in 000)

Particulars	**As at**	
	31-Mar-17	**31-Mar-16**
Secured		
Loans from Banks		
Working Capital Demand Loans and Cash Credits	**773 52 42**	669 50 41
Term Loans	**27 21 21**	48 42 34
Unsecured		
Loans and Advances from Related Parties	**13 64 06**	13 64 38
Inter Corporate Deposits	**1 52 61**	1 40 85
Total	**815 90 30**	732 97 98
Loans repayable on demand from banks:		
Working Capital Demand Loans:		
Andhra Bank	**60 00 00**	25 00 00
Axis Bank	**25 00 00**	-
Canara Bank	**35 00 00**	-
Dhanlaxmi Bank	**55 00 00**	-
Federal Bank	**15 00 00**	12 00 00
HDFC Bank	**20 00 00**	20 00 00
ICICI Bank	**22 21 65**	24 49 00
IndusInd Bank	**-**	9 50 00
Kotak Mahindra Bank	**-**	15 00 00
Punjab National Bank	**-**	80 00 00
State Bank of India (Formerly known as State Bank of Travancore Ltd)	**-**	110 00 00
State Bank of India (Formerly known as State Bank of Hyderabad Ltd)	**-**	34 90 21
State Bank of India	**25 00 00**	90 00 00
Syndicate Bank	**76 00 00**	-
South Indian Bank	**73 00 00**	-
YES Bank	**-**	10 00 00
Sub total	**406 21 65**	430 89 21

Cash Credit:		
Axis Bank	**6 48 07**	5 49 17
Andhra Bank	**4 40 74**	8 16 52
Canara Bank	**14 62 75**	-
Corporation Bank	**28 23 42**	29 82 12
City Union Bank	**9 79 91**	9 96 51
Dhanlaxmi Bank	**-**	9 13 46
Federal Bank	**-**	2 89 23
IDBI Bank	**8 11 71**	-
Karnataka Bank	**9 84 34**	-
Lakshmi Vilas Bank	**-**	24 87 12
Punjab National Bank	**99 62 88**	19 23 95
State Bank of India	**8 52 15**	8 21 01
State Bank of India (Formerly known as State Bank of Travancore Ltd)	**87 79 53**	-
South Indian Bank	**75 93**	62 85 16
Syndicate Bank	**9 70 12**	22 97 23
Tamil Nadu Mercantile Bank	**34 89 31**	34 99 72
Vijaya Bank	**44 49 91**	-
Sub total	**367 30 77**	238 61 20
Total	**773 52 42**	669 50 41

Term Loans:		
Dhanlaxmi Bank Ltd	**6 00 00**	20 98 40
HDFC BankLtd	**-**	6 00 00
IDBI Bank Ltd	**21 21 21**	13 93 94
Yes Bank Ltd	**-**	7 50 00
Sub Total	**27 21 21**	48 42 34
Grand Total	**800 73 63**	**717 92 75**

A. Loans from banks

Guaranteed Loans

The Working Capital Demand Loans, Cash Credits and Term Loans obtained from Banks have been personally guaranteed by the Promoter Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

Security and Rate of Interest of Cash Credits and Working Capital Demand Loans from Banks

The Cash Credits and Working Capital Demand Loans facilities have been obtained from the banks by creating First Charge by way of hypothecation of the entire current assets, including business loans, hypothecation loans and all other loan receivables, ranking pari-passu with other banks and Debenture Holders.

Interest on these loans varies between 9.15% to 11.35% per annum as on the Balance sheet date.

These loans are repayable within a period upto 12 months from the date of sanction.

Security and Rate of Interest of Term Loans from Banks

The term loans from banks are secured by creating a first charge by way of hypothecation of entire current assets including hypothecation loans and all other loan and other current assets of the company.

Rate of interest varies from 10.9% to 11.30% as on the Balance Sheet date.

These loans are repayable in equal monthly/ quarterly installments spread over 10 months to 33 months.

B. Loans and Advances from Related Parties

The Company has entered into transactions with the Promoter Directors of the company. The company pays interest at 12% per annum. The balance outstanding as on March 31, 2017 was ₹ 13 64 06 thousand (March 31, 2016: ₹ 13 64 38 thousand).

C. Inter Corporate Deposits

The Company has taken an Inter Corporate Deposit from Adtech Systems Ltd. This is repayable after a period of 3 months with an effective rate of interest of 9% per annum. The balance Outstanding as on March 31, 2017: ₹ 1 52 61 thousand (March 31, 2016: ₹ 1 40 85 thousand).

2.6 OTHER CURRENT LIABILITIES

(Rs.in 000)

Particulars	As at	
	31-Mar-17	**31-Mar-16**
Current maturities of long term debts:		
Debentures (Secured)	**1 15 25**	2 82 83
Public Deposits	**98 30 13**	91 68 61
Subordinated Debts	**2 58 32**	2 58 32
Term Loan from South Indian bank	**14 08 00**	18 72 00
Unclaimed Matured		
Debentures	**7 49**	7 08
Public Deposits	**1 61 54**	3 19 31

Interest accrued and due on borrowings		
Unclaimed Matured Debentures	**6 09**	4 65
Unclaimed Matured Public Deposits	**16 75**	6 67
Interest accrued, but not due on		
Bank Borrowings	**94 82**	3 06 94
Debentures	**1 03 96**	2 00 11
Subordinated Debts	**1 20 11**	84 80
Public Deposits	**5 99 86**	4 79 45
Inter Corporate Deposits	**8**	7
Installment received in advance from Hypothecation Customers	**10 98 30**	8 10 23
Unclaimed dividends*	**42 91**	64 44
Collection Agency Security Deposits	**72 70**	40 15
Public Deposits Pending Renewal	**1 26 50**	1 21 89
Unrealized Gain on Loan Transfer Transactions**	**21 13 47**	-
Payables towards securitization transactions	**31 54 38**	-
Other Payables;		
Withholding Tax	**74 60**	58 83
Business Sourcing Incentive Payable	**1 53 76**	1 58 54
Expenses Payable***	**6 62 63**	5 25 25
Statutory Dues Payable	**90 16**	69 73
Others****	**1 96 03**	64 66
Total	**205 07 84**	149 04 56

*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

** Unrealized Gain on Loan Transfer Transactions comprises of future interest receivable under par structure of securitization.

*** Expenses payable includes amounts payable to related parties amounting to 1 51 58 thousand (March 31, 2016: 1 23 66 thousand)

**** Others includes amounts payable to related parties amounting to 53 78 thousand (March 31, 2016: 20 04 thousand)

Debentures:

The Company has issued Redeemable Non-Convertible Debentures on Private Placement basis in various series. The debentures issued under each series have a repayment period depending on the scheme it falls under. The debentures are repayable within a period of 1 to 6 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest payment. The rate of interest of the Unmatured debentures range from 10.92% to 14.19% per annum and the rate of interest of matured debentures ranges from 9.5% to 13.4% per annum.

The issued debentures are secured by a pari-passu First charge with the banks against the loans, including cash credit, demand loans and term loans, taken from them, on all movable assets, book debts and receivables created by undertaking the business of Hypothecation Loan and all other types of Loans, both present and future, created by the company.

Maturity Pattern of Debentures:

(Rs.in 000)

Interest Rate % per annum	For the Financial Year 2016-2017				For the Financial Year 2015-2016			
	MaturedUnclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 - 12	**1 06**	**11 19**	**-**	**12 25**	1 43	40 00	-	41 43
>12 – 15	**6 43**	**1 04 06**	**-**	**1 10 49**	5 65	2 42 83	-	2 48 48
Total	**7 49**	**1 15 25**	**-**	**1 22 74**	7 08	2 82 83	-	2 89 91

This liability towards debentures appears in the financial statements in the manner given below:

(Rs.in 000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Other Current Liabilities	**2.6**	Current Maturities of Long term debt: Debentures	**1 15 25**	2 82 83
Other Current Liabilities	**2.6**	Unclaimed matured Debentures	**7 49**	7 08
Total			**1 22 74**	2 89 91

2.7 SHORT - TERM PROVISIONS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Provision for Employee Benefits		
Contingent Provision for Bonus	**42 00**	43 44
Contingent Provision for Gratuity	**-**	1 56
Others	**18 00**	-
Provision for Taxation (Net)	**1 62 44**	-
Contingency provisions against standard assets		
- @0.35% of the outstanding Standard Assets for the current year (@ 0.30% of the outstanding Standard Assets as on March 31, 2016)	**3 96 00**	2 96 00
Provision for Non-Performing Assets	**16 61 33**	9 12 55
Total	**22 79 77**	12 53 55

2.8 FIXED ASSETS

(Rs.in 000)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	At 31 March 2016	Additions	Deductions	At 31 March 2017	Upto31 March 2016	For the Year	Adjustment for the Year	Upto31 March 2017	At 31 March 2016	At 31 March 2017
A. Tangible Assets										
- Furniture and Fittings	2 15 43	58 76	16	**2 74 03**	1 28 30	29 86	13	**1 58 03**	87 13	**1 16 00**
-Vehicles	35 85	28 07	**-**	**63 92**	31 91	6 14	-	**38 05**	3 94	**25 87**
-Office Equipments	1 26 26	9 81	2 43	**1 33 64**	96 67	16 28	1 98	**1 10 97**	29 59	**22 67**
-Computers and Accessories	2 88 52	43 60	2 17	**3 29 95**	2 32 24	45 57	1 84	**2 75 97**	56 28	**53 98**
-Windmill Generator	89 78	-	-	**89 78**	84 13	1 16	-	**85 29**	5 65	**4 49**
Sub Total	**7 55 84**	**1 40 24**	**4 76**	**8 91 32**	**5 73 25**	**99 01**	**3 95**	**6 68 31**	**1 82 59**	**2 23 01**
B. Intangible Assets Under Development										
-Software	-	36 15	-	**36 15**	-	-	-	**-**	-	**36 15**
Sub Total	-	36 15	-	**36 15**	-	-	-	**-**	-	**36 15**
Grand Total	**7 55 84**	**1 76 39**	**4 76**	**9 27 47**	**5 73 25**	**99 01**	**3 95**	**6 68 31**	**1 82 59**	**2 59 16**

2.9 NON - CURRENT INVESTMENTS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Quoted Investments (Valued at cost)		
Investments in Mutual Funds	**19**	19
Investments - in Government Securities	**5 89 50**	13 74 94
-in PMS: Hedge Equities	**49 95**	-
Total	**6 39 64**	13 75 13

(Rs.in 000)

Particulars	Cost	Market Value
Aggregate amount of quoted investments:		
Mutual Funds	**19**	53
Investment in Government Securities:*		
8.12% GOI 2020	**4 89 50**	5 23 30
8.24% Kerala SDL 2025	**50 00**	53 74
7.98% Tamil Nadu SDL 2026	**50 00**	53 50
Investments in PMS – Hedge Equities	**49 95**	50 67
Total	**6 39 64**	6 81 74

*In accordance with the guidelines given in the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 issued by Reserve Bank of India on August 25, 2016, the Company has created floating charge on the statutory liquid assets comprising of investment in Government Securities of face value of ₹14 88 00 thousand (Cost- ₹14 24 94 thousand) and bank deposits of ₹5 76 58thousand in favor of trustees representing the deposit holders of the Company. Refer Note No.2.14 ‘Current Investments’ and Note no 2.15 'Cash and Cash Equivalents'.

2.10 DEFERRED TAX ASSET (NET)

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Deferred Tax Asset		
Provision for NPA and Others	**6 19 84**	4 37 51
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	**36 67**	30 64
Net Deferred Tax Asset	**6 56 51**	4 68 15

Deferred tax asset and deferred tax liabilities have been set off wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relating to the same taxation authority.

2.11 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Secured,considered good, unless otherwise stated:		
Hypothecation Loans	**2 31 28**	1 47 61
Term Loans	**3 12 49**	-
Demand Promissory Note (Unsecured)	**1 54**	-
Other Loans (Loan against Public Deposits)	**3 94**	5 50
Total	**5 49 25**	1 53 11

The summary of the receivables against Hypothecation Loans appears in the financial statements in the manner shown below:

(Rs.in 000)

Name of the element in Financial statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Long Term Receivables from Financing Activities	**2.11**	Hypothecation Loans	**2 31 28**	1 47 61
Receivables from Financing Activities	**2.16**	Principal outstanding in current maturity of Hypothecation Loans	**974 58 30**	917 91 69
Total			**976 89 58**	919 39 30

The summary of Term Loans appear in the financial statements in the manner shown below:

(Rs.in 000)

Name of the element in Financial statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Long Term Receivables from Financing Activities	**2.11**	Term Loan	**3 12 49**	-
Receivables from Financing Activities	**2.16**	Principal outstanding in current maturity of Term Loan	**164 65 56**	65 34 17
Total			**167 78 05**	65 34 17

The summary of the Demand Promissory Notes appears in the financial statements in the manner shown below:

(Rs.in 000)

Name of the element in Financial statements	Reference Note No	Particulars	As at 31-Mar-17	As at 31-Mar-16
Long Term Receivables from Financing Activities	**2.11**	Demand Promissory Note	**1 54**	-
Receivables from Financing Activities	**2.16**	Demand Promisory Notes (Unsecured)	**7 27 53**	5 38 58
Receivables from Financing Activities	**2.16**	Demand Promisory Notes (Secured)	**-**	1 54 08
Total			**7 29 07**	6 92 66

2.12 LONG -TERM DEPOSITS, LOANS AND ADVANCES (NON FINANCING ACTIVITY)

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Unsecured, considered good		
Security deposits	**34 40**	23 49
Total	**34 40**	23 49

2.13 OTHER NON - CURRENT ASSETS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Gratuity Plan Assets*	**34 14**	32 07
Total	**34 14**	32 07

* Refer Note No 3 – Defined benefit plans – Gratuity Valuation

2.14 CURRENT INVESTMENTS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Investments - in Government Securities	**8 35 44**	-
Total	**8 35 44**	-

(Rs.in 000)

Particulars	Cost	Market Value
Investments in Government Securities:*		
7.28% GOI 2019	**8 35 44**	9 02 47
Total	**8 35 44**	9 02 47

* Refer Note No 2.9 – Non Current Investments

2.15 CASH AND CASH EQUIVALENTS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Balances with Banks	**57 46**	1 70 32
Cash on Hand	**6**	2
Other balances with banks		
in Deposit accounts – SLR Deposits	**5 76 58**	5 66 04
in Unclaimed Dividend Accounts	**42 91**	64 44
Depositsoffered as Collateral security against securitisation transaction*	**7 69 93**	-
Cash in transit	**1 57**	-
Total	**14 48 51**	8 00 82

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Balances with Banks		
Axis Bank	**8 51**	4 52
Canara Bank	**33**	-
Dhanlaxmi Bank	**6**	-
Federal Bank	**10 90**	-
HDFC Bank	**24 95**	30 83
Indusind Bank	**21**	36
ICICI Bank	**39**	41
IDBI Bank	**76**	3 68
Kotak Mahindra Bank	**15**	80
Lakshmi Vilas Bank	**3**	12
State Bank of India	**10 91**	8 08
State Bank of India (Formerly known as State Bank of Travancore)	**-**	1 04 10
State Bank of India (Formerly known as State Bank of Hyderabad)	**19**	-
YES Bank	**7**	17 42
Total	**57 46**	1 70 32

In Term Deposit Accounts		
Axis Bank	**45 15**	93 97
Lakshmi Vilas Bank	**2 90 00**	2 90 00
State Bank of Hyderabad	**99 00**	99 00
Yes Bank	**1 42 43**	83 07
Total	**5 76 58**	5 66 04
In Unclaimed Dividend Accounts		
Axis Bank	**7 34**	7 61
HDFC Bank	**35 57**	56 83
Total	**42 91**	64 44
Depositsoffered as Collateral Security against securitisation transactions*		
Axis Bank	**2 31 93**	-
HDFC Bank	**2 25 00**	-
DCB Ltd	**3 13 00**	-
Total	**7 69 93**	-

* Value of lien marked is Rs.7 56 28 thousand.

2.16 RECEIVABLES FROM FINANCING ACTIVITIES

(Rs.in 000)

Particulars	**As at 31-Mar-17**	**31-Mar-16**
(Secured, considered good unless otherwise stated)		
Principal outstanding in current maturity of:		
Hypothecation Loans *(Note 1)*	**974 58 30**	917 91 69
Loans Buyout **	**6 72 09**	32 81 68
Term Loans***	**164 65 56**	65 34 17
Demand Promisory Notes (Unsecured)	**7 27 53**	5 38 58
Demand Promisory Notes (Secured)	**-**	1 54 08
Retained exposure on Securitisation under Par Structure (MRR)	**28 58 01**	-
Other Loans	**83 46**	105 47
Interest Accrued, but not due on:		
Hypothecation Loans	**13 54 60**	12 92 11
Retained exposure on Securitisation under Par Structure (MRR)	**1 37 33**	-
Term Loans	**52 22**	17 30
Loans Buyout	**2 82**	6 81

Other Loans	**5 99**	3 92
Total	**1198 17 91**	1037 25 81

Note 1 – The company has repossessed assets worth □ 85 thousand on March 31, 2017 (March 31, 2016 □ 2 23 thousand). The same has been fully provided forand charged to statement of profit and loss account as on the date of the Balance Sheet and the realizable value is shown as Nil.

**** Loans Buyout**

The company has entered into arrangements with other NBFCs for the buyout of receivables against Micro Finance Portfolio andTwo Wheeler Portfolios. The rate of interest receivable on the loan buyouts ranges between 15% to 16% per annum on the diminishing balance. The tenure of the loans ranges between 15 months and 30 months.

(Rs.in 000)

Sl No	Type of Portfolio	Total value of the assets covered by the transaction	No of Contracts	Total amount of Loan disbursed	Balance as on 31st March 2017
1	Two - Wheeler Portfolio	19 29 58	64 17	17 84 31	3 33 36
2	Micro Finance Portfolio	16 06 30	1 05 49	15 25 98	3 38 73
	Total	**35 35 88**	**1 69 66**	**33 10 29**	**6 72 09**

*****Term Loans**

The company has advanced Term Loans to other Companies / NBFCs secured by way of first charge on the loan portfolio created out of the lending by the Company. The rate of interest receivable on the term loans ranges between 13.5% to 16% per annum on the diminishing balance. The tenure of the loans ranges between 12 and 48 months.

(Rs.in 000)

Sl No	Segment dealt by the borrowers	Total amount of Loan disbursed	Balance as on 31st March 2017
1	Agricultural	5 00 00	4 58 33
2	Housing Loans	15 00 00	14 04 86
3	Micro Finance	85 00 00	67 57 32
4	MSME Loans	30 00 00	27 50 00
5	Secured Loans	5 00 00	5 00 00
6	Small Business Loan	57 50 00	45 90 91
7	Two - Wheeler Portfolio	5 00 00	3 16 63
	Total	**202 50 00**	**167 78 05**

Maturity Pattern of Hypothecation Loans:

(Rs.in 000)

Particulars	For the Financial Year 2016- 2017			For the Financial Year 2015-2016		
	Current *	Non-Current	Total	Current *	Non-Current	Total
Hypothecation Loan	**974 58 30**	**2 31 28**	**976 89 58**	917 91 69	1 47 61	919 39 30
Total	**974 58 30**	**2 31 28**	**976 89 58**	917 91 69	1 47 61	919 39 30

*Includes amount already due

Maturity Pattern of Term Loans:

(Rs.in 000)

Particulars	For the Financial Year 2016- 2017			For the Financial Year 2015-2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Term Loan	**164 65 56**	**3 12 49**	**167 78 05**	65 34 17	-	65 34 17
Total	**164 65 56**	**3 12 49**	**167 78 05**	65 34 17	-	65 34 17

Maturity Pattern of Demand Promissory Notes:

(Rs.in 000)

Particulars	For the Financial Year 2016- 2017			For the Financial Year 2015-2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Demand Promissory Note	**7 27 53**	**1 54**	**7 29 07**	6 92 66	-	6 92 66
Total	**7 27 53**	**1 54**	**7 29 07**	6 92 66	-	6 92 66

2.17 SHORT TERM LOANS AND ADVANCES

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
(Unsecured, considered good unless otherwise stated)		
Advances to Dealers	**15 36**	1 43 24
Other Advances	**96 77**	87 14
Balances with Statutory Authorities;		
Income Tax	**1 59 06**	1 38 15
Service Tax	**14 44**	18 42
Total	**2 85 63**	3 86 95

2.18 OTHER CURRENT ASSETS

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
(Unsecured, considered good unless otherwise stated)		
Interest Accrued on SLR Deposits / Investments	**91 93**	59 71
Interest accrued on Collateral / Bank deposits	**5 13**	24
Stock of stationery	**18 46**	-
Debts Due from Related Parties	**-**	2 66
Other Receivables*	**12 48**	-
Interest Strip Retained on Securitization of Receivables**	**31 30 31**	-
Total	**32 58 31**	62 61

*Other receivables include amounts receivable from related parties amounting to ₹6 43 thousand (March 31, 2016: Nil)

** It comprises of Company's share of future interest strip receivables in case of par structure of securitisation.

STATEMENT OF PROFIT AND LOSS

2.19 REVENUE FROM OPERATIONS

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Income from Financial Operations		
Hypothecation Loans	**241 59 34**	215 81 05
Income from securitisation transactions	**20 21 69**	-
Term Loans	**16 00 56**	1 45 77
Loans Buyout	**2 58 05**	6 12 95
Demand Promisory Notes	**1 65 42**	275 50
Servicer Fee income	**5 00**	-
Interest Income		
On SLR Investments / Deposits	**1 64 94**	1 51 64
On Collateral / deposits with bank	**15 32**	28
Others	**14 17**	15 04
Total	**284 04 49**	227 82 23

2.20 OTHER INCOME

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Dividend Income	**7**	7
Net gain on sale of investments	**2**	32 56
Other Non- operating Income		
Income from Wind Mill Operations	**9 08**	3 91
Miscellaneous Income	**4 27**	29 23
Interest Income	**2 06**	1 43
Total	**15 50**	67 20

2.21 EMPLOYEE BENEFIT EXPENSES

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Salaries and Wages	**37 54 06**	33 39 16
Incentive to Employees	**6 68 10**	7 15 15
Contribution to Provident and Other funds	**3 86 44**	3 78 11
Staff Welfare Expense	**55 66**	51 44
Outsourced Manpower	**3 26 31**	26 31
Other Expenses	**1 24 07**	1 59 55
Total	**53 14 64**	46 69 72

2.22 FINANCE COSTS

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Interest Expenses		
Bank Loans	**82 97 22**	69 84 97
Debentures	**43 44**	53 86
Subordinated Debts	**3 63 45**	1 15 09
Public Deposits	**10 81 97**	11 99 74
Loans From Directors	**1 30 92**	58 51
Securitisation Expense	**1 40 03**	-
Other Borrowing cost	**3 37 55**	2 87 44
Total	**103 94 58**	86 99 61

2.23 ADMINISTRATIVE AND OTHER EXPENSES

(Rs.in 000)

Particulars	Year Ended	
	31-Mar-17	**31-Mar-16**
Hypothecation Loan Collection Charges	**20 61 21**	11 44 32
Business sourcing Incentive	**19 80 38**	12 31 45
Investigation and Professional Charges	**5 22 30**	5 69 92
Rent	**3 55 56**	3 30 51
Advertisement Expenses	**1 10 58**	1 55 17
Communication Expenses	**1 55 42**	1 54 72
Printing & Stationery	**1 26 25**	1 20 46
Travelling Expenses	**1 22 58**	1 01 33
Back Office Processing	**98 78**	-
Business Promotion Expense	**49 35**	17 16
Power and Fuel	**35 37**	30 52
Expenditure against Corporate Social Responsibility Activities	**34 60**	70 00
Repairs and Maintenance	**17 20**	22 67
Insurance	**19 21**	61 95
Payment to Statutory Auditors	**17 24**	16 73
Internal Audit Fees	**7 61**	7 87
Miscellaneous Expenses	**67 04**	53 74
Total	**57 80 68**	40 88 52

Payment to Statutory Auditors

(Rs.in 000)

Particulars	Year Ended	
	31-Mar-17	**31-Mar-16**
Audit fees (including for Limited Review)	**10 52**	10 49
Taxation matters	**4 26**	2 79
Other Services	**2 46**	3 45
Total	**17 24**	16 73

Expenditure against Corporate Social Responsibility Activities

(Rs.in 000)

Particulars	Year Ended	
	31-Mar-17	**31-Mar-16**
a) Gross Amount required to be spent by the company during the year	**70 59**	66 70
b) Amount spent during the year on:		
-On purposes, other than construction/ acquisition of any asset		
Paid in Cash	**34 60**	70 00
Yet to be paid in Cash	**-**	-
Total	**34 60**	70 00

2.24 PROVISIONS AND WRITE OFF

(Rs.in 000)

Particulars	Year Ended	
	31-Mar-17	**31-Mar-16**
Loss on sale of repossessed assets	**11 81 28**	9 47 47
Loans Written off*	**1 84 73**	3 04 24
Provisions for:		
Non Performing Assets (Net)	**7 48 78**	3 97 66
Standard Assets	**1 00 00**	93 00
Others	**(2 38)**	1 00
Total	**22 12 41**	17 43 37

* An amount of 1 84 73 thousand (2015-16 3 04 24 thousand) has been written off against the non-performing hypothecation assets and gold loans pertaining to the doubtful assets category. (Refer accounting policy No 1.18)

3. Defined Benefit Plans- Gratuity Valuation

The Company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards the gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme and the company has to make contributions under such scheme.

A. Reconciliation of benefit obligation and plan asset for the year

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
(i) Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**1 90 97**	1 21 39
Current Service Cost	**50 70**	59 95
Interest Cost	**17 31**	9 71
Past Service Cost	**-**	21 99
Benefits paid from fund	**(18 39)**	(3 09)
Actuarial Losses/ (Gain)	**(55 52)**	(18 98)
Closing Defined Benefit Obligation	**1 85 07**	1 90 97
(ii) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	**2 21 48**	1 88 96
Expected Return on Plan Assets	**17 72**	15 70
Contributions by employer	**-**	19 91
Actuarial Losses/ (Gain)	**(1 60)**	-
Benefits Paid	**(18 39)**	(3 09)
Closing Fair Value of Plan Assets	**2 19 21**	2 21 48

B. Amount recognized in Balance Sheet

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Present Value of Funded Obligations	**(1 85 07)**	(1 90 97)
Fair Value of Plan Assets	**2 19 21**	2 21 48
Net Asset/(Liability)	**34 14**	30 51

C. Expense recognized in the Statement of Profit and Loss.

(Rs.in 000)

Particulars	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Current Service Cost	**50 70**	59 95
Past Service Cost	**-**	21 99
Interest on defined benefit obligation	**17 31**	9 71
Expected return on plan asset	**(17 72)**	(15 70)
Net Actuarial losses/(gains) recognized in the year	**(53 92)**	(18 98)
Total	**(3 63)**	56 97

D. The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	Year Ended	
	31-Mar-17	**31-Mar-16**
Discount Rate (p.a.)	**8%**	8%
Salary Escalation Rate (p.a.)	**5.5%**	5%

4. Related Party Disclosures

Related party disclosures as per AS 18 – 'Related Party Disclosures' for the year ended 31st March 2017, are given below:

A. Particulars of companies/ Firms/Limited Liability Partnerships/ Trusts where control / significant influence exists:-

Sl No.	Name of the Companies/Firms/LLP/Trusts
	COMPANIES
1	Muthoot Fincorp Limited
2	Muthoot Housing Finance Company Limited
3	Muthoot APT Ceramics Limited
4	Muthoot Pappachan Technologies Limited
5	Muthoot Equities Limited
6	Finance Companies' Association (India)
7	Muthoot Hotels Private Limited
8	Fox Bush Agri Development and Hospitalities Private Limited
9	Jungle Cat Agri Development and Hospitalities Private Limited
10	Mandarin Agri Ventures and Hospitalities Private Limited
11	MPG Hotels and Infrastructure Ventures Private Limited
12	Muthoot Automobile Solutions Private Limited
13	Muthoot Automotive (India) Private Limited
14	Muthoot Pappachan Medicare Private Limited
15	Muthoot Properties (India) Private Limited
16	Muthoot Risk Insurance and Broking Services Private Limited
17	The Thinking Machine Media Private Limited
18	Buttercup Agri Projects and Hospitalities Private Limited
19	EMMEL Realtors and Developers Private Limited
20	L. M. Realtors Private Limited
21	Mariposa Agri Ventures and Hospitalities Private Limited
22	Muthoot Buildtech (India) Private Limited
23	Muthoot Holdings Private Limited
24	Muthoot Land and Estates Private Limited
25	Muthoot Motors Private Limited
26	Muthoot Exim Private Limited
27	Muthoot Infrastructure Private Limited
28	Muthoot Agri Projects and Hospitalities Private Limited
29	The Right Ambient Resorts Private Limited
30	Muthoot Kuries Private Limited

Sl No.	Name of the Companies/Firms/LLP/Trusts
31	Muthoot Agri Development and Hospitalities Private Limited
32	Muthoot Dairies and Agri Ventures Private Limited
33	Flame Agri Projects and Hospitalities Private Limited
34	Goblin Agri Projects and Hospitalities Private Limited
35	Alaska Agri Projects and Hospitalities Private Limited
36	Bamboo Agri Projects and Hospitalities Private Limited
37	Cinnamon Agri Development and Hospitalities Private Limited
38	Calypso Agri Development and Hospitalities Private Limited
39	EL Toro Agri Projects and Hospitalities Private Limited
40	Muthoot Pappachan Chits (India) Private Limited
41	MPG Security Group Private Limited
42	Pine Pink Agri Ventures and Hospitalities Private Limited
43	MPG Precious Metals Private Limited
44	Trivandrum Center for Performing Arts
45	Muthoot Microfin Limited
	FIRMS/LLPS/TRUSTS
1	Muthoot Bankers
2	Muthoot Cine Enterprise
3	Muthoot Estate Investments
4	Muthoot Finance Company
5	Muthoot Insurance Services
6	Muthoot Motors (Cochin)
7	MPG Automobiles LLP
8	Muthoot Pappachan Foundation

B. Related Parties including Key Managerial Personnel

Sl No.	Name of the Related Parties	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	R. Manomohanan	Chief Executive Officer (till 28.02.2017)
5	Madhu Alexiouse	Chief Operating Officer (from 01.02.2017)
6	Vinodkumar M. Panicker	Chief Finance Officer
7	Syam Kumar R.	Company Secretary & Head- Governance

C. Relatives of Related Parties

Sl No.	Related Parties	Name of Relatives	Nature of Relationship
1	Thomas John Muthoot	Mrs. Janamma Thomas	Mother
		Mrs. Preethi John	Spouse
		Ms. Susan John Muthoot	Daughter
		Mr. Thomas M John	Son

2	Thomas George Muthoot	Mrs. Nina George	Spouse
		Ms. Tina Suzanne George	Daughter
		Ms. Ritu Elizabeth George	Daughter
		Ms. Swetha Ann George	Daughter
3	Thomas Muthoot	Mrs. Remy Thomas	Spouse
		Ms. SuzannahMuthoot	Daughter
		Ms. Hannah Muthoot	Daughter
4	Vinodkumar M Panicker	Mrs. Rashmi V Panicker	Spouse
		Ms. Priyanka V Panicker	Daughter
		Ms. Ananya V Panicker	Daughter
5	Syam Kumar R	Mrs. Maya R Unnithan	Spouse
		Ms. Nandini Syamkumar	Daughter
		Mr. NandanSyamkumar	Son

i. Details relating to transactions with parties referred to in Item (A):

(Rs.in 000)

Particulars	Name of related party	For the Year 2016-17	For the Year 2015-16
Income:			
Income from Wind Mill Operations	Muthoot Bankers	9 08	3 91
Interest Income	Muthoot Fincorp Limited	19	1 03
Interest Income on Term Loan	MPG Security Group Private Ltd	10 60	2 71
Income from Hypothecation Loan	(i)Muthoot Pappachan Medicare Private Ltd	1 84	37
	(ii)MPG Hotels and Infrastructure Ventures Private Ltd	11	-
Interest Income on Loan Buyout - Micro Finance Portfolio	Muthoot Fincorp Limited	56 63	4 93 03
Interest Income on DPN Loan	Muthoot Motors (Cochin)	6 95	-
Expenses:			
Brokerage for canvassing Public Deposits and Sub debts	Muthoot Exim Private Limited	30 78	1 03 11
Business Sourcing Incentive	(i) Muthoot Motors (Cochin)	80 48	47 09
	(ii) Muthoot Motors Pvt Ltd	1 81	1 44
	(iii) Muthoot Fincorp Limited *	4 43 04	3 63 09
Collection Charges	(i) Muthoot Fincorp Limited *	5 01 88	4 15 81
Wind Mill Expense	Muthoot Bankers *	1 82	3 04
CSR Expenses	Muthoot Pappachan Foundation	34 60	70 00
Travelling Expenses	Muthoot Fincorp Limited	36	8 41
Advertisement Expenses	Muthoot Motors (Cochin)	63	92
Printing and Stationery	Muthoot Motors (Cochin)	15	15
Rent on Space Sharing	Muthoot Fincorp Limited *	35 67	26 45
Rent	Muthoot Estate Investments	75 25	71 22
Reimbursement of Expenses-	Muthoot Motors (Cochin)	55	47

Repairs and Maintanence			
Reimbursement of Expenses-Medicalim Insurance	Muthoot Fincorp Limited	38 54	33 16
Software Usage Charges	Muthoot Pappachan Technologies Ltd	12 66	-
Assets:			
Trade Receivables	Muthoot Bankers	6 43	-
Intangible assets Under Development	Muthoot Pappachan Technologies Ltd	19 80	
Debt Due from Related Party	Muthoot Fincorp Limited	-	2 66
Rent Deposit	(i) Muthoot Estate Investments	30 17	30 17
	(ii)Muthoot Fincorp Limited	10 17	10 17
Term Loan Including Interest Accrued	MPG Security Group Pvt Ltd	-	1 37 61
Hypothecation loan receivable including interest accrued	Muthoot Pappachan Medicare Private Ltd	8 74	12 25
	MPG Hotels and Infrastructure Ventures Private Ltd	5 58	-
Buyout Loan - Micro Finance Portfolio	Muthoot Fincorp Limited	-	13 91 99
Unsecured Loan-DPN	Muthoot Motors (Cochin)	2 00 09	-
Liabilities:			
Business Sourcing Incentive Payable	(i) Muthoot Motors (Cochin)	7 76	5 97
	(ii) Muthoot Motors Pvt Ltd	8	18
Trade Advance -Payable	Muthoot Motors (Cochin)	-	20 04
Travelling Expense Payable	Muthoot Fincorp Limited	3 50	-
Collection Charges and Business Sourcing Incentive Payable	Muthoot Fincorp Limited	1 48 08	1 19 91
Windmill Expense Payable (Trade Payable)	Muthoot Bankers	-	82
Brokerage Payable for canvassing Public Deposits and subdebts	Muthoot Exim Private Limited	-	2 93
Debt Due to Related Party	Muthoot Fincorp Limited	45 04	-
Rent Payable	(i) Muthoot Estate Investments	6 11	-
	(ii) Muthoot Fincorp Limited	2 63	-

* Transactions approved by the shareholders in the Annual General Meetings held on September 03, 2014 and August 21, 2015.

ii. Details relating to transactions with parties referred to in Item (B):

(Rs.in 000)

Particulars	Name of related party	For the Year 2016-17	For the Year 2015-16
Expenses:			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	1 74 00	1 50 00
	(ii) R.Manomohanan	91 69	83 42
	(iii) Madhu Alexiouse	7 99	-
	(iv)VinodKumar M Panicker	57 22	61 93

	(v) Syam Kumar R	21 21	17 98
PF Contribution	(i) Thomas George Muthoot	10 44	9 00
	(ii) R.Manomohanan	8 58	7 38
	(iii) Madhu Alexiouse	12	-
	(iv)VinodKumar M Panicker	4 61	4 13
	(v) Syam Kumar R	22	22
Reimbursement of expenses	(i) Thomas George Muthoot	41	2 77
	(ii) R.Manomohanan	3 18	4 73
	(iii)VinodKumar M Panicker	3 51	3 51
Interest on Loan From directors	(i)Thomas George Muthoot	93 60	58 25
	(ii)Thomas John Muthoot	18 72	21
	(iii)Thomas Muthoot	18 60	5
Interest on Subordinate Debt	Thomas George Muthoot	33 30	17 93
Dividend/Interim Dividend Paid	(i) Thomas John Muthoot	-	2 99 35
	(ii) Thomas George Muthoot	-	2 98 89
	(iii) Thomas Muthoot	-	2 93 68
	(iv) R. Manomohanan	-	4
Rent Paid	Thomas George Muthoot	1 86 79	1 85 69
Assets:			
Rent Deposit	Thomas George Muthoot	25 00	25 00
Liabilities:			
Loan from Directors	(i)Thomas George Muthoot	10 53 06	10 53 15
	(ii)Thomas John Muthoot	1 56 00	1 56 18
	(iii)Thomas Muthoot	1 55 00	1 55 05
Subdebt (including interest accrued)	Thomas George Muthoot	3 01 25	3 01 28
Loan from Directors			
Maximum amount due in transaction with directors (including interest accrued)		13 64 06	13 64 38

iii. Details relating to transactions with relatives of Related Parties:

(Rs.in 000)

Particulars	Relationship	2016-2017	2015-2016
Dividend and Interim Dividend	Relatives of Key Managerial	**Nil**	89 33

Paid Personnel

5. LEASES

The Lease rentals charged during the period and the maximum obligation on operating leases payable as per the rentals stated in the respective agreements are as follows:

(Rs.in 000)

Sl No	Particulars	Transaction for the Year 2016-17	Transaction for the Year 2015-16
1	Lease rentals recognized during the period	**3 55 56**	3 30 51
2	Lease obligations payable		
	Not later than one year	**2 71 70**	2 41 88
	Later than one year and less than five years	**3 08 43**	2 96 34
	Later than five years	**1 48 00**	66 33
	Total	**10 83 69**	9 35 06

The operating lease arrangements are renewable on a periodical basis and relates to rented premises. The lease agreements have lease escalation clauses.

6. EARNING PER SHARE

Particulars	As at 31-Mar-17	As at 31-Mar-16
Net profit for the year attributable to equity shareholders (in ‘000)	**30 09 17**	22 85 34
Weighted average number of equity shares (in ‘000)	**1 24 73**	1 24 73
Basic and Diluted Earnings per share (in .) (Face Value of .10 Per Share)	**24.13**	18.32

7. CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs.in 000)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Matters where the future cash outflows are determinable only on receipt of pending judgements /conclusions		
- Income Tax issues where the Company is in appeal	**1 87**	1 87
Corporate Guarantee for Securitization transactions (Refer Note No 12 D)	**20 91 16**	-

Total	**20 93 03** 1 87

8. GENERAL

(i) Some of the Receivables and Payables, Loans and Advances, Hypothecation loans, Deposits, Secured Debentures and Unsecured Loans are subject to confirmation/reconciliation due to non-receipt of the statement of accounts and confirmation letters. Necessary adjustments, if any, in the accounts will be made on completion of the reconciliation/receipt of confirmation letters/statement of accounts.

(ii) **Amount Payable To Micro, Small And Medium Enterprises**
There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(iii) **Particulars showing maturity pattern of secured privately placed Redeemable Non-Convertible Debentures**
Secured by charge on all movable assets, book debts, receivables and advances in the books of the company.

(Rs.in 000)

Series No	Financial Year of Maturity	Number of Debentures (in No's)	Amount
B	2014-15	10	10
	Total	**10**	**10**
G	2015-16	50	50
	Total	**50**	**50**
H	2010-11	2	2
	2015-16	18	18
	2016-17	72	72
	Total	**92**	**92**
J	2011-12	5	5
	Total	**5**	**5**
K	2011-12	2	2
	2016-17	20	20
	Total	**22**	**22**
M	2012-13	59	59
	2016-17	4 04	4 04
	2017-18	25 00	25 00
	Total	**29 63**	**29 63**
N	2012-13	38	38
	2015-16	44	44
	2017-18	86 17	86 17

	Total	**86 99**	**86 99**
P	2017-18	4 00	4 00
	Total	**4 00**	**4 00**
R	2014-15	25	25
	2018-19	8	8
	Total	**33**	**33**
Grand Total		**1 22 74**	**1 22 74**

Summary of Year Wise Maturity Pattern of the Debentures

(Rs.in 000)

Financial Year of Maturity	Amount
2010-11	2
2011-12	7
2012-13	97
2014-15	35
2015-16	1 12
2016-17	4 96
2017-18	1 15 17
2018-19	8
Grand Total	**1 22 74**

(iv) Cost Insurance Freight (CIF) value of imports - NIL

(v) Expenditure in foreign currency - NIL

(vi) Earnings in Foreign Currency - Nil

9. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by MCA Notification dated March 30, 2017

A. Details of Direct Receipts and payments in cash by the company

(Rs.in 000)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	**-**	**2**	**2**
Add:			
Permitted Receipts	-	43	43
Less:			
Permitted Payments	-	44	44
Amount deposited in Banks	-	-	-
Closing cash in hand as on 31.12.2016	**-**	**1**	**1**

B. Details of Collection amounts directly remitted in the company's bank account

The Company collected its dues from the customers in the following ways:

1. Collection by way of direct remittance in the bank account of the company by borrowers/ collection agencies/ company executives, in cash .
2. Collection by way of payment by borrowers / collection agencies and company executives in cash to the branches of Muthoot Fincorp Limited who are appointed as the authorised agents for collection of Hypothecation dues from the customers. Muthoot Fincorp Limited transfers such amount collected from customers in cash through bank transfer to the account of the company.

3. Collection by way of ECS/NACH

In all the cases mentioned above, the Company, in accordance with the pracitces and method of accounting regularily followed, accounted the receipt of cash/electronic mode collection by crediting the respective borrowers' account and debiting the account of Muthoot Fincorp Limited/ Bank Account, as the case may be.

During the period from November 8, 2016 to December 30, 2016, an aggregate amount of Rs.1 38 88 thousand had been remitted in cash in the designated bank account with State Bank of India directly by certain customers and collection agents/ company executives through various branches of the company across the country against the hypothecation receivables. Such cash was not actually received in cash at the offices of the company. Hence such receipt of cash directly deposited in the bank account of the company not routed through the Cash Account of the Company. Therefore those receipts of cash are not considered as movement of cash.

However details of the remittance of such cash in the bank account of the company are furnished below;

(Rs.in 000)

Particulars	Amount
Balance as on 08.11.2016	-
Add:	
Receipts	1 38 88
Less:	
Payments	-
Amount Deposited in Banks	1 38 88
Balance as on 31.12.2016	-

10. Reporting of Fraud- No cases of frauds were reported during the financial year 2016-17

11. Securitisation Transaction

a. During the year the company has securitised on "at Par" basis vide Pass Through Certificate route loan receivables of 1,32,550 contracts amounting to Rs.349 55 74 thousand for a consideration of Rs.349 55 74 thousand and de-recognised those assets of value Rs.349 55 74 thousand from the books.
b. Interest Only Strip representing present value of interest spread receivablehas been recognised and reflected under other current assets as "Interest Strip Retained on Securitisation of Receivables" (refer note no.2.18) and unrealised gains have been recognised as liability under other current libilities as "Unrealised Gain on Loan Transfer Transactions" (refer note no. 2.6).

12. Disclosures required in Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India on March 9, 2017

1 Disclosures

A. Capital

Particulars	March 31, 2017	March 31, 2016
i) Capital to Risk Weighted Asset Ratio (%)	**16.98%**	15.40%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	**13.61%**	13.73%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	**3.37%**	1.67%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value) *(Rs.in 000)*	**41 35 47**	14 52 56
v) Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

Discounted value of Subordinated debts *(Rs.in 000)*

Remaining maturity of Instruments	Rate of Discount	March 31, 2017		March 31, 2016	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	**Nil**	**Nil**	Nil	Nil
More than 1 year but upto 2 years	80%	**2 58 32**	**51 66**	Nil	Nil
More than 2 years but upto 3 years	60%	**Nil**	**Nil**	2 58 32	1 03 33
More than 3 years but upto 4 years	40%	**1 26 59**	**75 95**	Nil	Nil
More than 4 years but upto 5 years	20%	**28 77 64**	**23 02 11**	1 26 59	1 01 27
More than 5 years	0%	**17 05 75**	**17 05 75**	12 47 96	12 47 96
Total		**49 68 30**	**41 35 47**	16 32 87	14 52 56

B. Investments

(Rs.in 000)

Sl No.	Particulars	March 31, 2017	March 31, 2016
(1)	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	**14 75 08**	13 75 13
	(b) Outside India	**Nil**	Nil
	(ii) Provisions for Depreciation		
	(a) In India	**Nil**	Nil
	(b) Outside India	**Nil**	Nil
	(iii) Net Value of Investments		
	(a) In India	**14 75 08**	13 75 13

	(b) Outside India	**Nil**	Nil
(2)	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	**Nil**	Nil
	(ii) Add : Provisions made during the year	**Nil**	Nil
	(iii) Less : Write-off / write- back of excess provisions during the year	**Nil**	Nil
	(iv) Closing balance	**Nil**	Nil

C. Derivatives

(i) Forward Rate Agreement or Interest Rate Swap

(Rs.in 000)

Sl No.	Particulars	2016-2017	2015-2016
(1)	The notional principal of swap agreements	**Nil**	Nil
(2)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	**Nil**	Nil
(3)	Collateral required by the NBFC upon entering into swaps	**Nil**	Nil
(4)	Concentration of credit risk arising from the swaps	**Nil**	Nil
(5)	The Fair value of the swap book	**Nil**	Nil

(ii) Exchange Traded Interest Rate (IR) Derivatives

(Rs.in 000)

Sl No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR Derivatives undertaken during the year (Instrument-wise)	Nil
(ii)	Notional principal amount of exchange traded IR Derivatives outstanding as on 31st March, 2017 (Instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded IR Derivatives outstanding and not "highly effective" (Instrument-wise)	Nil
(iv)	Mark- to market value of exchange traded IR derivatives outstanding and not "highly effective" (Instrument-wise)	Nil

(iii) Disclosures on Risk Exposure in derivatives

(a) Qualitative Disclosures- Nil

(b) Quantitative Disclosures

(Rs.in 000)

Sl. No	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For Hedging	Nil	Nil
(ii)	Marked to Market Positions [1]		
	(a) Asset (+)	Nil	Nil
	(b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

D. Disclosures relating to Securitization

i. SPVs and Minimum Retention Requirements

(Rs.in 000)

Sl No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitization transactions*	4
2	Total amount of securitized assets as per books of the SPVs sponsored**	290 78 12
3	Balance as per the books of the company**	264 62 58
4	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet	
(a)	Off-Balance Sheet exposures	
	First loss	20 91 16
	Others	Nil
(b)	On-Balance Sheet exposures	
	First loss	7 56 28
	Others	Nil
5	Amount of exposures to securitization transactions other than Minimum Retention Requirement (MRR)	
(a)	Off-Balance Sheet exposures	
(i)	Exposure to own securitizations	
	First loss	Nil

	Other	Nil
(ii)	Exposure to third party securitizations	
	First loss	Nil
	Others	Nil
(b)	On-Balance Sheet exposures	
(i)	Exposure to own securitizations	
	First loss	Nil
	Others	Nil
(ii)	Exposure to third party securitizations	
	First loss	Nil
	Others	Nil

*Only the SPVs relating to outstanding securitization transactions are reported here

** includes retained exposure on Securitisation under Par Structure (MRR)

ii. Details of Financial Assets sold to Securitisation or Reconstruction Company for Asset Reconstruction

(Rs.in 000)

Sl No	Particulars	2016-2017	2015-2016
(i)	Number of Accounts	**Nil**	Nil
(ii)	Aggregate Value(Net of Provisions) of accounts sold to SC/ RC	**Nil**	Nil
(iii)	Aggregate Consideration	**Nil**	Nil
(iv)	Additional Consideration Realized in respect of accounts transferred in earlier years	**Nil**	Nil
(v)	Aggregate gain/ loss over Net Book Value	**Nil**	Nil

iii. Details of Assignment Transactions undertaken by NBFCs

(Rs.in 000)

Sl No.	Particulars	2016-2017	2015-2016
(i)	Number of Accounts	Nil	5126
(ii)	Aggregate Value (Net of Provisions) of accounts sold	Nil	41 39 82
(iii)	Amount of Exposures retained by the company towards MRR*	Nil	4 13 98
(iv)	Amount of Exposures for assignment other than the MRR*	Nil	37 25 84
(v)	Additional Consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(vi)	Aggregate gain/ loss over Net Book Value	Nil	Nil
(vii)	Balance outstanding as at the end of the year	Nil	Nil

iv. Details of Non Performing Financial Assets purchased or sold

a. Details of Non Performing Financial Assets purchased

(Rs.in 000)

Sl No.	Particulars	2016-2017	2015-2016
1	(a) Number of accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2	(a) Of these, number of accounts restructured during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

b. Details of Non Performing Financial Assets sold

(Rs.in 000)

Sl No.	Particulars	2016-2017	2015-2016
1	Number of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

E. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities

(Rs.in 000)

Particulars	Upto 1 month	Over 1 Month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Assets									
Hyp Receivables	151 66 84	50 32 31	49 06 57	140 21 30	226 60 52	370 25 35	2 29 30	1 98	990 44 17
Other Advances	9 72 26	6 38 44	12 58 30	22 65 67	41 27 28	117 43 06	3 17 97	-	213 22 98
Total	**161 39 10**	**56 70 75**	**61 64 87**	**162 86 97**	**267 87 80**	**487 68 41**	**5 47 27**	**1 98**	**1203 67 15**
Investments	35 74	-	-	-	-	8 35 44	5 39 63	1 00 01	15 10 82
Total	**35 74**	**-**	**-**	**-**	**-**	**8 35 44**	**5 39 63**	**1 00 01**	**15 10 82**
Borrowings									
Public Deposits	7 37 08	7 44 87	7 60 27	14 96 35	26 78 42	43 17 78	7 83 21	-	115 17 98
Debentures	46 19	4 05	12 90	67 11	1 02 42	12	-	-	2 32 79
Sub Debts	5 65	-	-	-	11 29	3 61 49	31 45 74	17 13 54	52 37 71
Loan from Directors	-	-	-	-	-	13 64 06	-	-	13 64 06
Inter Corporate Deposit	8		1 52 61	-	-	-	-	-	1 52 69
Bank Loan	2 68 03	108 25 36	13 83 49	303 54 10	372 34 20	15 11 27	-	-	815 76 45
Total	**10 57 03**	**115 74 28**	**23 09 27**	**319 17 56**	**400 26 33**	**75 54 72**	**39 28 95**	**17 13 54**	**1000 81 68**

**includes Interest accrued*

F. Exposures

(i)Exposure to Real Estate Sector

(Rs.in 000)

Sl No.	Category	31.03.2017	31.03.2016
(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	**Nil**	Nil
(ii) Commercial Real Estate-			
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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 limits.	**Nil**	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-			
	(a) Residential	**Nil**	Nil
	(b) Commercial Real Estate	**Nil**	Nil
Total Exposure to Real Estate Sector		**Nil**	Nil

(ii) Exposure to Capital Market

(Rs.in 000)

Sl No.	Particulars	31.03.2017	31.03.2016
(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;	**49 95**	Nil
(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 or	**Nil**	Nil

	convertible bonds or convertible debentures or units of equity oriented mutual funds does not fully cover the advances;		
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares or bonds or 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 or issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**49 95**	Nil

iii. Details of financing of parent company products - NIL

iv. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company - NIL

v. Unsecured Advances

The unsecured Loans against Demand Promissory Notes (DPN) executed by the borrowers and outstanding as at 31.03.2017 is ₹ 7 29 07 thousand (as at 31.03.2016 ₹ 5 38 58 thousand).

G.Registration obtained from other financial sector regulators - NIL

H.Disclosure of Penalties imposed by Reserve Bank of India and other regulators - NIL

I. Ratings Assigned by Credit Rating Agencies and migration of ratings during the year

Sl No.	Name of the Rating Agency	Rated Instrument	Rating
1	CRISIL	Short Term Debts	CRISIL A1
2	CRISIL	Public Deposits	FA -/ Stable
3	CRISIL	Bank Loan Facility	CRISIL A-/ Stable
4	CRISIL	Non- Convertible Debentures	CRISIL A-/ Stable

J. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss

(Rs.in 000)

Provisions and Contingencies	2016-2017	2015-2016
Provision for:		
Non-Performing Assets (Net)	**7 48 78**	3 97 66
Standard Assets	**1 00 00**	93 00
Others	-	1 00
Provision made towards Income tax	**18 15 00**	14 34 00
Total	**26 63 78**	19 25 66

K. Drawn Down from Reserves- Nil

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits (for deposit taking NBFCs)

(Rs.in 000)

Total Deposits of twenty largest depositors	6 06 66
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	5.58%

ii. Concentration of Advances

(Rs.in 000)

Total Advances to twenty largest borrowers	179 39 02
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	15.10%

iii. Concentration of Exposures

(Rs.in 000)

Total Exposure to twenty largest borrowers / customers	179 39 02
Percentage of Exposures to twenty largest borrowers / customrse to Total Exposure of the NBFC on borrowers / customers	15.10%

iv. Concentration of NPAs

(Rs.in 000)

Total Exposure to top four NPA accounts	5 60

v. Sector-wise NPAs

Sl No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	0%
2	MSME	0%
3	Corporate borrowers	0%
4	Services	0%
5	Unsecured personal loans	0%
6	Auto loans – (Hyp)	7.60%
7	Other loans– (Hyp)	2.30%

vi . Movement of NPAs

(Rs.in 000)

Sl No.	Particulars	2016- 2017	2015- 2016
(i)	**Net NPAs to Net Advances (%)**	**4.78%**	4.34%
(Ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**54 17 16**	32 68 64
(b)	Additions during the year	**53 96 28**	57 28 77
(c)	Reductions during the year	**33 98 35**	35 80 25
(d)	Closing balance	**74 15 09**	54 17 16
(iii)	**Movement of Net NPA's**		
(a)	Opening balance	**45 04 61**	27 53 75
(b)	Additions during the year	**46 33 28**	53 31 11
(c)	Reductions during the year	**33 84 13**	35 80 25
(d)	Closing balance	**57 53 76**	45 04 61
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	**9 12 55**	5 14 89
(b)	Provisions made during the year (net)*	**7 63 00**	3 97 66
(c)	Write-off / write- back of excess provisions	**14 22**	Nil
(d)	Closing balance	**16 61 33**	9 12 55

*Note - In addition an amount of 1 84 73 thousand (March 31, 2016: 3 04 24 thousand) has been written off against the non-performing hypothecation and gold loans pertaining to the doubtful assets category.

M. Overseas Assets (for those with joint ventures and subsidiaries abroad) - NIL

N. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) - NIL

O.Customer Complaints pertaining to the Financial Year

Sl No.	Particulars	Number
(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	171
(c)	No. of complaints redressed during the year	162
(d)	No. of complaints pending at the end of the year	9

13. ADDITIONAL DISCLOSURES

Liabilities side:

1. Loans and advances availed by the NBFC, inclusive of interest accrued thereon but not paid:

(Rs.in 000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
a)	Debentures : Secured	2 32 79	13 58
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of Public Deposits)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans		
	IDBI Bank	21 21 21	Nil
	Dhanlaxmi Bank	6 03 88	Nil
	South Indian Bank	14 08 00	Nil
d)	Inter- corporate loans and borrowings	1 52 69	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	115 17 98	3 04 79
g)	Other loans		
	Sub Debt	22 35 29	Nil
	Subordinated Unsecured Term Loan – IFMR Capital Finance	30 02 42	Nil
	Working Capital Demand Loan		
	ICICI Bank	22 21 65	Nil
	Andhra Bank	60 01 64	Nil
	HDFC Bank	20 05 37	Nil

State Bank of India	25 02 63	Nil
Federal Bank	15 12 55	Nil
Syndicate Bank	76 34 33	Nil
Dhanlaxmi Bank	55 22 33	Nil
South Indian Bank	73 00 00	Nil
Canara Bank	35 04 96	Nil
Axis Bank	25 00 00	Nil
Cash Credit		
State Bank of India	8 52 15	Nil
State Bank of India (Formerly known as State Bank of Travancore Ltd)	87 79 53	Nil
Corporation Bank	28 23 42	Nil
Axis Bank	6 48 07	Nil
City Union Bank	9 79 91	Nil
South Indian Bank	75 93	Nil
Andhra Bank	4 40 74	Nil
Syndicate Bank	9 70 12	Nil
Punjab National Bank	99 62 88	Nil
Tamilnadu Mercantile Bank	34 89 31	Nil
IDBI Bank	8 18 84	Nil
Vijaya Bank	44 49 91	Nil
Canara Bank	14 62 75	Nil
Karnataka Bank	9 84 34	Nil
Loans and Advances From Directors (Unsecured)	13 64 06	Nil
Total	**1000 81 68**	**3 18 37**

Note 1 – Overdues for a sum of ₹13 58 thousand in respect of Secured Debentures represents debentures for which payments could not be made as claims were not received from debenture holders.

Note 2 – Overdue of ₹3 04 79 thousand in respect of Public Deposits includes deposits for a sum of ₹1 26 50 thousand pending renewal and deposits for a sum of ₹1 61 54 thousand for which payments could not be made as claims were not received from deposit holders.

Note 3- Balance outstanding against amounts borrowed from banks is inclusive of Interest accrued, but not due.

2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

(Rs.in 000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
a)	In the form of Unsecured Debentures	Nil	Nil
b)	In the form of partly Secured Debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other Public Deposits	115 17 98	3 04 79

Assets Side:

3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below:

(Rs.in 000)

Sl No	Particulars	Amount Outstanding
(a)	Secured	205 93 91
(b)	Unsecured	7 29 07

4. Break up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities:

(Rs.in 000)

Sl No	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	85
	(b) Loans other than (a) above	990 44 17

5. Break-up of Investments:

(Rs.in 000)

Sl No	Particulars	Amount Outstanding	Market value
	Current Investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	8 35 44	9 02 47
	(v) Others	Nil	Nil
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	49 95	50 67
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	5 89 50	6 30 54
	(v) Others		
	Gold Exchange traded fund of UTI	19	53
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Total	**14 75 08**	**15 84 21**

6. Borrower group-wise classification of all Leased Assets, Stock - on - Hire and Loans and Advances:

(Rs.in 000)

Sl No	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	14 32	Nil	14 32
	(c) Other related parties	Nil	2 00 09	2 00 09
2	Other than related parties	1179 62 76	5 28 65	1184 91 41
	Total	**1179 77 08**	**7 28 74**	**1187 05 82**

7. Group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs.in 000)

Sl No	Category	Market Value/ Break-up or Fair Value or NAV	Book Value (Net of provisions)
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2	Other than related parties	15 84 21	14 75 08
	Total	**15 84 21**	**14 75 08**

8. Other Information:

(Rs.in 000)

Sl No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	74 15 09
(ii)	Net Non –Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	57 53 76
(iii)	Assets acquired in satisfaction of debt (After provision of .85 thousand for diminution in the value of Repossessed Asset)	Nil

9. Asset Classification

(Rs.in 000)

Sl No	Category	Amount
1	Standard	1129 52 06
2	Substandard	47 80 54
3	Doubtful	26 34 55
4	Loss Assets	Nil
	Total	**1203 67 15**

14. Previous year figures have been reworked, re-grouped, re-arranged and re-classified to conform to the current year presentation.

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

CA .A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

THOMAS MUTHOOT
DIRECTOR

Place – Kochi

Date – April 18, 2017

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER

SYAM KUMAR R
COMPANY SECRETARY & HEAD-GOVERNANCE

PAPPACHAN muthoot CAPITAL

Statement of Standalone Unaudited Financial Results for the quarter ended 30th June, 2017

(Rs in lakhs except earnings per share)

	Particulars	Quarter Ended			Year Ended 31.03.2017
		30.06.2017	31.03.2017	30.06.2016	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	**Revenue From Operations**				
	Revenue From Operations	79 66	79 87	64 23	284 04
	Other income	10	- 7	3	16
	Total Revenue	**79 76**	**79 80**	**64 26**	**284 20**
2	**Expenses**				
	Cost of materials consumed	-	-	-	-
	Purchases of stock-in-trade	-	-	-	-
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-
	Employee benefit expense	14 68	13 91	12 51	53 15
	Finance costs	28 11	25 76	25 24	103 95
	Depreciation and amortisation expense	20	32	19	99
	Other Expenses	18 21	17 56	12 35	57 80
	Provisions and Write offs	9 16	5 34	7 02	22 12
	Total Expenses	**70 36**	**62 89**	**57 31**	**238 01**
3	**Profit before exceptional and extraordinary items and tax**	9 40	16 91	6 95	46 19
4	Exceptional items				
5	**Profit before extraordinary items and tax**	9 40	16 91	6 95	46 19
6	Extraordinary items				
7	**Profit Before Tax**	9 40	16 91	6 95	46 19
8	**Tax Expense:**				
	Current tax	5 30	5 49	3 77	17 98
	Deferred tax	-1 99	30	-1 30	-1 88
	Total Tax Expense	3 31	5 79	2 47	16 10
9	**Net Profit (Loss) for the period from continuing operations**	6 09	11 12	4 48	30 09
10	Profit (Loss) from discontinuing operations	-	-	-	-
11	Tax expense of discontinuing operations	-	-	-	-
12	Net Profit (Loss) from discontinuing operations (after tax)	-	-	-	-
13	**Net Profit (Loss) for period**	6 09	11 12	4 48	30 09

VARMA & VARMA KOCHI-19

Muthoot Capital Services Ltd., Registered Office: 3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682035, Kerala, India

14	**Details of Equity Capital**				
	Paid-up Equity Capital	13 72	12 47	12 47	12 47
	Face value of Equity Shares	10	10	10	10
15	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of Previous Year (as on 31.03.2017)	-	-	-	165 51
16	**Earnings per equity share:**				
	Basic (Quarterly figures are not annualized)	4. 44	8. 11	3. 26	21. 93
	Diluted (Quarterly figures are not annualized)	4. 44	8. 11	3. 26	21. 93

Select explanatory notes to the Statement of Standalone Unaudited Financial Results for the Quarter ended 30th June, 2017

1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 26th July, 2017 and the same have been reviewed by Statutory Auditors.

2 During the quarter ended 30th June 2017, the company has implemented the revised RBI norms made effective from 01st April 2017 for classification of Non Performing Assets, including provision and interest derecognition thereof.

3 In accordance with the resolution of the shareholders of the company passed at the Annual General Meeting held on 6th June 2017,during the quarter,the company has allotted bonus shares in the ratio of 1:10 aggregating to 12,47,258 numbers of shares of face value Rs.10/- each by capitalization of Free Reserves .The earnings per share in respect of such shares for the current period and previous periods have been restated in the manner required by Accounting Standard-20, Earnings Per Share.

4 As the Company is mainly operating in one reportable business segment, namely "Financial Activities" the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" are not applicable.

5 Previous period figures have been regrouped / rearranged wherever necessary.

6 Number of Investor complaints received and disposed off during the quarter ended June 30, 2017

a) Pending at the beginning of the quarter	0
b) Received during the quarter	0
c) Disposed off during the quarter	0
d) Pending at the end of the Quarter	0

For Muthoot Capital Services Limited

Kochi
26th July, 2017

Thomas George Muthoot
Managing Director
DIN:00011552

Thomas Muthoot
Director
DIN:00082099

VARMA & VARMA
KOCHI-19
CHARTERED ACCOUNTANTS

Varma & Varma
Chartered Accountants

Limited Review Report

The Board of Directors,
Muthoot Capital Services Limited.

We have reviewed the accompanying statement of unaudited financial results of Muthoot Capital Services Limited ("the company") for the quarter ended 30th June, 2017. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on this financial statement based on our review.

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

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place : Kochi
Date : 26.07.2017

For VARMA & VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No 203094

muthoot
CAPITAL

Statement of Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2017

(Rs In lakhs except earnings per share)

	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
I	Revenue From Operations	9478	7966	7000	17444	13423	28404
II	Other income	8	10	8	18	11	16
III	Total Revenue (I + II)	9486	7976	7008	17462	13434	28420
IV	Expenses:						
	Cost of materials consumed						
	Purchases of stock-in-trade						
	Changes in inventories of finished goods, work-in-progress and stock-in-trade						
	Employee benefit expense	1548	1468	1297	3016	2549	5315
	Finance costs	3027	2811	2637	5838	5161	10395
	Depreciation and amortisation expense	21	20	22	41	40	99
	Other Expenses	2626	1821	1402	4447	2637	5780
	Provisions and Write offs	677	916	412	1593	1113	2212
	Total Expenses	7899	7036	5770	14935	11500	23801
V	Profit before exceptional and extraordinary items and tax (III - IV)	1587	940	1238	2527	1934	4619
VI	Exceptional items	0	0		0	0	0
VII	Profit before extraordinary items and tax (V - VI)	1587	940	1238	2527	1934	4619
VIII	Extraordinary items	0	0		0	0	0
IX	Profit Before Tax (VII - VIII)	1587	940	1238	2527	1934	4619
X	Tax Expense:						
	(1) Current tax	600	530	431	1130	808	1798
	(2) Deferred tax	-50	-199	1	-249	-128	-188
	Total Tax Expense	550	331	432	881	680	1610
XI	Profit (Loss) for the period from continuing operations (IX - X)	1037	609	806	1646	1254	3009
XII	Profit (Loss) from discontinuing operations	-	-	-	-	-	-
XIII	Tax expense of discontinuing operations	-	-	-	-	-	-
XIV	Profit (Loss) from discontinuing operations (after tax) (XII - XIII)	-	-	-	-	-	-
XV	Profit (Loss) for the period (XI + XIV)	1037	609	806	1646	1254	3009
XVI	Details of Equity Capital						
	Paid-up Equity Capital	1372	1372	1247	1372	1247	1247
	Face value of Equity Shares	10	10	10	10	10	10
XVII	Reserves excluding Revaluation Reserve as shown in the Audited Balance Sheet of the Previous Year	16551					
XVIII	Earnings per equity share:(Quarterly/half yearly figures not annualized)						
	Basic	7.56	4.44	5.87	12.00	9.13	21.93
	Diluted	7.56	4.44	5.87	12.00	9.13	21.93

MUTHOOT CAPITAL SERVICES LTD. 3rd Floor, Muthoot Towers M.G. Road KOCHI-682035

Muthoot Capital Services Ltd., Registered Office: 3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682035, Kerala, India.
P: +91-484-6619600, 6613450, F: +91-484-2381261, Email: mail@muthootcap.com, www.muthootcap.com

CIN: L67120KL1994PLC007726

Select explanatory notes to the statement of Standalone Unaudited Financial Results for the half year ended 30th September,2017

1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 10th November, 2017 and the same have been reviewed by Statutory Auditors.

2 The earnings per share for the current period and previous periods have been restated in the manner required by Accounting Standard-20 Earnings Per Share in respect of 12,47,258 bonus shares alloted by the Company on 6th June,2017 .

3 Board of Directors of the company at their meeting held on 9th September ,2017 has approved , subject to the approval of the shareholders,issue of securities for an aggregate amount of not exceeding Rs.200 crores to Qualified Institutional Buyers. The Company has taken necessary steps to obtain necessary approvals and complete the issue subsequent to the quarter end.

4 As the Company is mainly operating in one reportable business segment, namely "Financial Activities" the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" are not applicable.

5 Previous period figures have been regrouped / rearranged wherever necessary.

For Muthoot Capital Services Limited

Thomas George Muthoot
Managing Director
DIN: 00011552

Thomas Muthoot
Director
DIN: 00082099

Kochi
10th November, 2017

MUTHOOT CAPITAL SERVICES LTD.
3rd Floor,
Muthoot Towers
M.G. Road
KOCHI- 682035

muthoot CAPITAL

Standalone Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	As at Half Year ended 30.09.2017 (Unaudited)	As at Previous Year ended 31.03.2017 (Audited)
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	13 72	12 47
(b) Reserves and surplus	180 72	165 51
Sub-total - Shareholders' funds	**194 44**	**177 98**
(2) Share application money pending allotment		
(3) Non-current liabilities		
(a) Long-term borrowings	55 31	54 71
(b) Deferred tax liabilites (Net)		
(c) Other long-term liabilities	1 83	1 71
(d) Long term provisions		
Sub-total - Non-current liabilities	**57 14**	**56 42**
(4)Current liabilities		
(a) Short-term borrowings	1013 10	815 91
(b) Trade Payables		
(c) Other current liabilities	217 61	205 08
(c) Short-term provisions	28 43	22 80
Sub-total - Current liabilities	**1259 14**	**1043 79**
TOTAL - EQUITY AND LIABILITIES	**1510 72**	**1278 19**
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	2 07	2 23
(ii) Intangible assets		
(iii) Capital work-in-progress		
(iv) Intangible assets under development	69	36
(b) Non-current investments	7 31	6 40
(c) Deferred tax assets (net)	9 06	6 57
(d) Long-term receivables from financing activities	6 93	5 48
(e) Long-term loans and advances	36	34
(f) Other non-current assets	37	34
Sub-total - Non - current assets	**26 79**	**21 72**
(2) Current assets		
(a) Current investments	8 85	8 35
(b) Inventories		
(c) Trade receivables		
(b) Cash and cash equivalents	18 41	14 49
(c) Receivables from financing activities	1419 48	1198 19
(d) Short-term loans and advances	3 79	2 86
(e) Other current assets	33 40	32 58
Sub-total - Current assets	**1483 93**	**1256 47**
TOTAL - ASSETS	**1510 72**	**1278 19**

MUTHOOT CAPITAL SERVICES LTD. 3rd Floor, Muthoot Towers, M.G. Road, KOCHI - 682035

Varma & Varma
Chartered Accountants

Limited Review Report

The Board of Directors
Muthoot Capital Services Limited

We have reviewed the accompanying statement of unaudited standalone financial results of Muthoot Capital Services Limited ("the Company") for the period ended 30th September 2017 ("the Statement"). This statement has been prepared by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. This statement which is the responsibility of the Company's Management has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

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

The comparative financial information of the Company for the periods up to March 31, 2017 included in the Statement have been reviewed/audited by the predecessor auditors and relied up on by us. The report of the predecessor auditors on comparative financial information for the

VARMA & VARMA
KOCHI-13
CHARTERED ACCOUNTANTS

quarter and half year ended September 30, 2016 dated 24 October 2016, for the year ended March 31, 2017 dated April 18, 2017 expressed an unmodified opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards, relevant guidelines as applicable to the Company issued by Reserve Bank of India ("the RBI") and other recognised accounting practices and policies have not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For VARMA & VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Place : Kochi
Date : 10.11.2017

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to any provisions thereof, and that all approvals and permissions required to carry on the Company's business have been obtained and are currently valid. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Mr. Thomas John Muthoot
(Chairman)

Date: November 10, 2017 Place: Kochi

DECLARATION

We, the Directors of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in thisPlacement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____
Mr. Thomas John Muthoot
(Chairman)

We are severally authorised by the Board of Directors of our Company, *vide* resolution dated September 9, 2017, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

____
Mr. Thomas John Muthoot
(Chairman)

____
Mr. Syam Kumar R.
(*Company Secretary & Compliance Officer*)

Date: November 10, 2017 Place: Kochi

MUTHOOT CAPITAL SERVICES LIMITED

Registered Office

3rd Floor, Muthoot Towers,
M.G. Road,
Kochi – 682 035,
Kerala, India
Website: www.muthootcap.com
CIN: L67120KL1994PLC007726

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Email: syam.kumar@muthootcap.com

BOOK RUNNING LEAD MANAGER

Inga Capital Limited (formerly known as Inga Capital Private Limited)
Naman Midtown, 21st Floor, 'A' Wing,
Senapati Bapat Marg, Elphinstone (West),
Mumbai 400 013,
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

M/s Varma and Varma, Chartered Accountants
Kunjan Bava Road,
Off Subhash Chandra Bose Road,
Vytilla PO,
Kochi – 682 019,
Kerala, India

LEGAL ADVISERS TO THE ISSUE

As to Indian law

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INTERNATIONAL LEGAL COUNSEL WITH RESPECT TO INTERNATIONAL SELLING AND TRANSFER RESTRICTIONS

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