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MUTHOOT MERCANTILE LIMITED

*Muthoot Mercantile Limited ("**Our Company**" or **"the Company"** or **"the Issuer"** or **"MML"**) was incorporated on March 3, 1997, as 'Muthoot Mercantile Limited', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Kerala at Kochi. Our Company also obtained the certificate of commencement of business dated March 11, 1997 from the Registrar of Companies, Kerala at Kochi. Our Company has obtained a certificate of registration dated December12, 2002 bearing registration no. 16.00178 issued by the Reserve Bank of India ("**RBI**") to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act, 1934. For details of changes in registered office, see "History and Certain Other Corporate Matters" on page 123*

Corporate Identity Number: U65921KL1997PLC011260; **PAN**: AABCM5297K, **Website**: www.muthootenterprises.com **Email**: info@muthootenterprises.com;
Registered Office: 1st Floor, North Block, Muthoot Floors, Opposite W&C Hospital, Thycaud, Thiruvananthapuram 695 014, Kerala, India; **Telephone:** +91-471-277-4800;
Company Secretary and Compliance Officer: Remya R.S; **E-mail:** cs@muthootenterprises.com; **Telephone:** + 91-471-277-4800;
Chief Financial Officer: Rajeev M R; **E-mail**: cfo@muthootenterprises.com; **Telephone**: +91-0471-277-4800;

PUBLIC ISSUE BY MUTHOOT MERCANTILE LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH ("NCDS"), AT PAR, AGGREGATING UP TO ₹7,500 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹7,500 LAKHS, AGGREGATING UP TO ₹15,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (THE "ISSUE"). THIS ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED, (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT, 2013") AND THE SEBI MASTER CIRCULAR. THE ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN

OUR PROMOTER

Our Promoters are Mathew Mathainan; **Email:** muthootmathew@gmail.com; **Telephone:** +91 471 – 277 4800 and Richi Mathew, **Email**: richimathew@gmail.com; **Telephone**: +91 471 – 277 4800 For further details, see "*Our Promoter*" on page 138.

GENERAL RISKS

Investment in non-convertible securities is risky and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, the investors must rely on their own examination of our Company and the Issue, including the risks involved. Specific attention of the investors is invited to "*Risk Factors*" on page 16 and "*Material Developments*" on page 143, before making an investment in the Issue. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities. This document has not been and will not be approved by any regulatory authority in India, including the RBI, the Securities and Exchange Board of India ("**SEBI**"), the RoC or any stock exchange in India.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT, ELIGIBLE INVESTORS & DETAILS OF DEBENTURE TRUSTEE

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date, Maturity Amount and eligible investors of the NCDs, please see "*Issue Structure*"- *Terms of the NCDs*" on page 193. For details relating to debenture trustee, please see "*General Information*" on page 33.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "IND BBB/Stable", (pronounced as IND triple B rating with Stable outlook) by India Ratings & Research Private Limited ("**India Ratings**") for an amount up to ₹15,000 lakhs, *vide* its letter dated July 23, 2024 read with revalidation letter dated November 21, 2024 and press release for rating rationale dated July 23, 2024. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. This rating is not a recommendation or suggestion, directly or indirectly, to buy, sell, make or hold securities and investors should take their own decisions. The rating given by India Ratings is valid as on the date of this Draft Prospectus and shall remain valid on date of the issue and allotment of NCDs and the listing of the NCDs on BSE. The rating provided by rating agency may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated accordingly. Please refer to page 300 for the rating letter and press release for the above rating

LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE Limited ("**BSE**"). Our Company has obtained 'in-principle' approval for this Issue from BSE *vide* their letter bearing reference number [●] dated [●], 2024. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

This Draft Prospectus has been filed with BSE pursuant to Regulation 27 of the SEBI NCS Regulations and is open for public comments for a period of 5 (five) Days i.e. until 5 p.m. from the date of filing of this Draft Prospectus with the Designated Stock Exchange. All comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company may be sent through post or e-mail. However please note that all comments by post must be received by the Issuer by 5:00 pm on the 5th Day from the date on which this Draft Prospectus is hosted on the website of the Designated Stock Exchange. All comments received on this Draft Prospectus will be suitably addressed prior to filing of the Prospectus with the ROC.

LEAD MANAGER TO THE ISSUE

VIVRO FINANCIAL SERVICES PRIVATE LIMITED
Vivro House 11, Shashi Colony,
Opposite Suvidha Shopping
Center, Paldi, Ahmedabad – 380007,
Gujarat, India
Telephone: +91 7940404242/40/41
Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Jay Dodiya / Kruti Saraiya

DEBENTURE TRUSTEE*

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED
1402/1403, B-Wing, Dalamal Towers,
14th Floor, Free Press Journal Marg, 211,
Nariman Point, Mumbai – 400 021,
Maharashtra, India.
Telephone: +91 22 2282 8200
Email: contact@mitconcredentia.in
Investor Grievance Email: investorgrivenaces@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Vaishali Urkude

REGISTRAR TO THE ISSUE

KFIN TECHNOLOGIES LIMITED
Selenium, Tower-B, Plot No – 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Rangareddi –500 032, Telangana, India
Telephone: +91 40 6716 2222
Email: mml.ncdipo@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna

CREDIT RATING AGENCY

INDIA RATINGS AND RESEARCH PRIVATE LIMITED
Wockhardt Towers, 4th floor, West Wing, Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051
Telephone: 022-4000 1700
E-mail: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Ismail Ahmed

STATUTORY AUDITOR

VARMA & VARMA, CHARTERED ACCOUNTANTS
T C 9/1504, Galaxy, Sasthamangalam,
Thiruvananthapuram, Kerala - 695010, India
Telephone: + 0471-2727345
Firm Registration No.: 004532S
Email: trivandrum@varmaandvarma.com
Website: www.varmaandvarma.com
Contact Person: Rajeev R

ISSUE PROGRAMME**

ISSUE OPENS ON: AS SPECIFIED IN THE PROSPECTUS | **ISSUE CLOSES ON: AS SPECIFIED IN THE PROSPECTUS****

** Mitcon Credentia Trusteeship Services Limited, by its letter dated December 12, 2024, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. For further details, see "General Information – Debenture Trustee" on page 35.*

*** This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of two Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company ("**Board**") or Debenture Allotment Committee of the Board subject to compliance with Regulation 33A of the SEBI NCS Regulation. In the event of such early closure or extension to this Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue Closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details, see "General Information – Issue Programme" on page 41. A copy of the Prospectus shall be delivered to the RoC, in terms of sub-section (4) of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, see "Material Contracts and Documents for Inspection" beginning on page 296.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Prospectus to "*Issuer*", "*Our Company*", "*the Company*" are to Muthoot Mercantile Limited, a company incorporated under the Companies Act, 1956, registered as non-deposit non-banking financial company -base layer with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. The Registered Office is at 1st Floor, North Block, Muthoot Floors, Opposite W&C Hospital, Thycaud, Thiruvananthapuram, - 695 014, Kerala, India

Unless specified elsewhere or the context otherwise indicates, all references in this Draft Prospectus to "we" or "us" or "our" are to our Company.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Prospectus and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended from time to time.

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

Company Related Terms

Term	Description
AoA / Articles / Articles of Association	Articles of Association of our Company, as amended.
Audited Ind AS Financial Statements	The Audited Ind AS Financial Statements of our Company for the financial year ended March 31, 2024 comprising of the statement of assets and liabilities and the schedules forming part thereof, the statement of financial results and the schedules forming part thereof, statement of changes in equity, the statement of cash flow for the respective periods, statement of significant accounting policies, and other explanatory statements including notes thereto, issued by Statutory Auditor of the Company.
Audited Financial Statements	The Audited Ind AS Financial Statements and Special Purpose Audited Financial Statements
Asset Under Management / AUM	For the year ended as on March 31, 2022, March 31, 2023, March 31, 2024 and for the six months period ended September 30,2024 AUM represents aggregate value of outstanding loans before adjustment for provisions for NPA in accordance with Ind AS or IGAAP, as applicable.
Board / Board of Directors / BoD	The Board of Directors of our Company and includes any Committee thereof
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company appointed in relation to this Issue i.e. Remya R.S.
Debenture Allotment Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated September 11, 2023. For further details, see *"Our Management"* on page 125.
Equity Shares	Equity shares of face value of ₹ 10 each of our Company.
Financial Information	The financial information stated in the Financial Statements (defined herein below).
Group Companies	Group Companies as defined in terms of Regulation 2(1)(r) of SEBI NCS Regulations, namely Muthoot Syndicate Nidhi Limited and Muthoot Mercantile Nidhi Limited.
Key Managerial Personnel	The key managerial personnel of the Company as defined under Regulation 2(1)(sa) of the SEBI NCS Regulations.
Loan Assets	Assets under financing activities.
Memorandum / MoA / Memorandum of Association	Memorandum of Association of our Company, as amended.
Net Loan Assets	Assets under financing activities net of provision for non-performing assets.

Term	Description
Networth	As defined in Section 2(57) of the Companies Act, 2013, as follows: "*Networth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation."*
Promoter	Mathew Mathaininan and Richi Mathew.
Promoter Group	Includes the individuals and entities covered by the definition under Regulation 2(1) (ff) of the SEBI NCS Regulations
RoC / Registrar of Companies	The Registrar of Companies, Kerala at Kochi.
Registered Office	1st Floor, North Block, Muthoot Floors, Opposite W&C Hospital, Thycaud, Thiruvananthapuram, - 695 014, Kerala, India
"Senior Management Personnel" or "SMP"	Senior Management Personnel of our Company in accordance with definition of Senior Management in Regulation 2 (iia) of the SEBI NCS Regulations, as described in "*Our Management*" on page 125.
Statutory Auditor(s) / Auditor(s)	The statutory auditor of our Company, being M/s. Varma & Varma, Chartered Accountants.
Shareholders	Equity Shareholders of our Company from time to time.
Special Purpose Audited Financial Statements/ Audited IGAAP Financial Statements	The special purpose audited financial statements of our Company for the financial years ended March 31, 2023 and March 31,2022 comprising of the statement of assets and liabilities and the schedules forming part thereof, the statement of financial results and the schedules forming part thereof, statement of changes in equity, the statement of cash flow for the respective periods, statement of significant accounting policies, and other explanatory statements including notes thereto, issued by Statutory Auditor of the Company.
Limited Review Unaudited Financial Results//Unaudited Financial Results	Limited review unaudited financial results / unaudited financial results of our Company as at and for the six months period ended September 30, 2024 prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations along with the limited review report issued thereon by the Statutory Auditor of our Company.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum accompanying the Application Form for a Public Issue containing the salient features of the Prospectus as specified by SEBI.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee(s)	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue.
Applicant / Investor	A person who applies for the issuance and Allotment of NCDs pursuant to the terms of this Draft Prospectus and the Application Form for the Issue.
Application / ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the relevant ASBA Account and will include application made by UPI Investors using UPI where the Application amount will be blocked upon acceptance of UPI Mandate Request by UPI Investors, which will be considered as the application for Allotment in terms of

Term	Description
	this Draft Prospectus.
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue.
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs and in terms of this Draft Prospectus.
Application Supported by Blocked Amount / ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the bid amount in the specified bank account maintained with such SCSB.
ASBA Account	A bank account maintained with a SCSB as specified in the ASBA Form submitted by ASBA Applicants for blocking the Application Amount mentioned in the ASBA Form, and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value up to ₹ 5,00,000
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Base Issue	₹ 7,500 lakhs.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment for NCDs*" on page 220.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms (including ASBA Forms under UPI in case of UPI Investors) to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs.
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Master Circular.
Collecting Registrar and Share Transfer Agents / CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the SEBI Master Circular.
Credit Rating Agency / India Ratings	For the present Issue, the credit rating agency, in this case being India Ratings and Research Private Limited.
Coupon Rate / Interest Rate	As specified in "*Issue Structure – Specific terms of NCDs*" on page 193 and "*Annexure I Day Count Convention"* on page 299.
Cut-off Date	Shall mean December 09, 2024
Debenture Trust cum Hypothecation Deed/ Debenture Trust Deed	The Debenture Trust cum Hypothecation Deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated December 06, 2024 entered into between our Company and the Debenture Trustee.
Debentures /NCDs	Secured, redeemable, non-convertible debentures issued pursuant to this Issue.
Deemed Date of Allotment	The date on which the Board or the Debenture Allotment Committee of the Board approves the Allotment of the NCDs or such date as may be determined by the Board or the Debenture Allotment Committee and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, bank account

Term	Description
	details, category, PAN, UPI ID etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996.
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL).
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time.
Designated Date	The date on which the Registrar to the Issue issues the instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of this Draft Prospectus and the Public Issue Account and Sponsor Bank Agreement and following which the Board, shall Allot the NCDs to the successful Applicants.
Designated Intermediaries	Collectively, the Lead Managers, the Syndicate Members/Lead Brokers, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Manager, Members of the Syndicate, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the SEBI Master Circular
Designated Stock Exchange/ DSE	BSE Limited.
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms (including Application Forms by UPI Investors under the UPI Mechanism). The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time.
DP/ Depository Participant	A depository participant as defined under the Depositories Act.
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus / Draft Offer Document	The draft prospectus dated December 13, 2024 filed by our Company with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Existing Secured Creditors	Indian Overseas Bank, The South Indian Bank Limited, State Bank of India Limited, The Federal Bank Limited, The Karur Vysya Bank, Bajaj Finance Limited, Piramal Enterprises Limited, Oxyzo Financial Services Limited, debenture holders of the privately placed secured non-convertible debentures and debenture holders of the listed secured non-convertible debentures issued through public offers.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
Interest Payment Date / Coupon Payment Date	As specified in "*Issue Structure –terms of NCDs*" on page 193 and *"Annexure I Day Count Convention"* on page 299
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013; Statutory Corporations including State

Term	Description
	Industrial Development Corporations; Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹ 2,500 lakhs, Pension Funds of minimum corpus of ₹ 2,500 lakhs; Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; Venture Capital funds and/or Alternative Investment Funds registered with SEBI, Insurance Companies registered with the IRDA; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India: Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; Mutual Funds, registered with SEBI; and Systemically Important NBFC registered with RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements.
Issue/ Issue Size	Public issue by our Company of NCDs aggregating up to ₹7,500 lakhs ("**Base Issue Size**"), with an option to retain over-subscription up to ₹7,500 lakhs, cumulatively aggregating up to ₹15,000 lakhs on the terms and in the manner set forth therein. The Issue is being made pursuant to the provisions of SEBI NCS Regulations, the Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Master Circular.
Issue Closing Date	As Specified in the Prospectus
Issue Opening Date	As Specified in the Prospectus
Lead Manager	Vivro Financial Services Private Limited.
Market Lot	1 (one) NCD.
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date.
Mobile App(s)	The mobile applications listed on the website of Stock Exchange as may be updated from time to time, which may be used by Applicants to submit Bids using the UPI Mechanism
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories.
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; Educational institutions and Associations Of Persons and/or bodies established pursuant to or registered under any central or state statutory enactment, which are authorised to invest in the NCDs; Trust Including Public/private charitable/religious trusts which are authorised to invest in the NCDs; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners; Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs.
Offer Document	This Draft Prospectus, the Prospectus, Application Form and abridged Prospectus.
Prospectus	The Prospectus to be filed with the RoC in accordance with the SEBI NCS Regulations, containing *inter alia* the coupon rate for the NCDs and certain other information.
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI Mechanism) on the Designated Date.
Public Issue Account Bank	The Banker to the Issue being [●] with whom Public Issue Account will be opened.
Public Issue Account and Sponsor Bank Agreement	The agreement dated [●] , 2024 entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank and the Sponsor Bank for the appointment of the Sponsor Bank in accordance with the SEBI

Term	Description
	Master Circular for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for remitting the and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Retail Individual Investors	Resident Indian individuals or HUFs applying through the Karta, for NCDs for an amount aggregating up to and including ₹5 Lakh, across all Series of NCDs in Issue including bids received from UPI mechanism.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Draft Prospectus.
Refund Bank	The Banker to the Issue being [●], with whom the Refund Account(s) will be opened.
Registrar to the Issue / Registrar	Kfin Technologies Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act.
RIIs	Retail Individual Investors
RTAs/ Registrar and Share Transfer Agent	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations.
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI, offering services in relation to ASBA and UPI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SEBI Delisting Regulations	Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.
SEBI NCS Master Circular	Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 as amended, which consolidates and has replaced multiple circulars issued by SEBI in relation of issue and listing of debt securities.
SEBI Master Circular for Debenture Trustees	Circular no. SEBI/HO/DDHS-PoD3/P/CIR/2024/46 dated May 16, 2024 as amended from time to time.
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.
Senior Citizens	Individuals attaining the age of at least 60 years as on the Deemed Date of Allotment of this Issue.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form.
Sponsor Bank	The Banker to the Issue registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and /

Term	Description
	or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to ₹ 5,00,000 and carry out any other responsibilities in terms of the SEBI Master Circular. (In this Issue, HDFC Bank Limited)
Stock Exchange	BSE Limited.
Syndicate ASBA	Applications through the Designated Intermediaries.
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs.
Trading Member(s)	Individuals or companies registered with SEBI as "trading member(s)" under the SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Transaction Registration Slip / TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Tripartite Agreement(s)	Agreements as entered into between our Company, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company.
Trustees / Debenture Trustee	Trustees for the holders of the NCDs allotted pursuant to Public Issue being MITCON Credentia Trusteeship Services Limited.
UPI	Unified Payments Interface is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account.
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is up to ₹ 5,00,000.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the NPCI.
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹500,000 for issues of debt securities pursuant to SEBI Master Circular or any other investment limit, as applicable and prescribed by SEBI from time to time.
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment.
UPI Mechanism	Unified Payments Interface mechanism in accordance with SEBI Master Circular as amended from time to time, to block funds for application value up to UPI Application Limit submitted through intermediaries.
UPI PIN	Password to authenticate UPI transaction.
Web Interface	Web interface developed by Designated Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism
Wilful Defaulter	Includes wilful defaulters as defined under Regulation 2(1)(lll) of the Securities

Term	Description
	and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which includes a Person or a company categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorised a Wilful defaulter.
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Thiruvananthapuram, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the NCDs on the Stock Exchange, Working Days shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Business / Industry Related Terms

Term	Description
AFC	Asset Finance Companies
CAD	Current Account Deficit
EMI	Equated Monthly Instalment
ETFs	Exchange Traded Fund
FSIAPL	Fitch Solutions India Advisory Pvt. Ltd.
GDP	Gross Domestic Product
GDS	Gold Deposit Scheme
GFCE	Government Final Consumption Expenditure
GFCF	Gross Fixed Capital Formation
GMS	Gold Monetisation Scheme
GNI	Gross National Income
GST	Good and Service Tax
GVA	Gross Value Added
HFC	Housing Finance Company
IC	Investment Companies
ICC	Investment and Credit Companies
IDF-NBFC	Infrastructure Debt Fund
IFC	Infrastructure Finance Company
IIP	Index of Industrial Production
KYC	Know your customer
LC	Loan Companies
LTV	Loan to value
NBFC-MFI	NBFC – Microfinance Institutions
NBFC-AA	NBFC – Account Aggregator
NBFC-P2P	NBFC–Peer to Peer Lending Platform
NBFC-D	NBFCs Deposit Taking
NBFC-ND	NBFCs Non-Deposit Taking
NBFCs	Non Banking Financial Companies
NBFC-ND-NSI (NBFC-BL/ NBFC – Base Layer)	Non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFCP2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface
NBFC-ML/ NBFC – Middle Layer	(a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFC)

Term	Description
NBFC - TL-D	NBFC-UL which in the opinion of RBI has substantial increase in the potential systemic risk NBFCs Deposit Taking
NBFC – UL-ND	NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in SBR Framework NBFCs Non-Deposit Taking
NBFI	Non Banking Financial Institutions
NOF	Net Owned Fund
NOFHC	Non-Operative Financial Holding Company
NPA	Non-Performing Asset
OGL	Online Gold Loans
PFCE	Private Financial Consumption Expenditure
PMI	Purchasing Manager's Index
PSL	Priority Sector Lending
RBI	Reserve Bank of India
RBI Master Directions	Master Direction – Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023
R-GDS	Revamped Gold Deposit Scheme
R-GML	Revamped Gold Metal Loan Scheme
SEBI	Securities and Exchange Board of India
TAT	Turnaround Time
Tier 1	"Tier 1 capital" for NBFCs (except NBFCs-BL) is the sum of (i) Owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund; and (ii) Perpetual debt instruments issued by a non-deposit taking NBFCs in each year to the extent it does not exceed 15 percent of the aggregate Tier 1 capital of such company as on March 31 of the previous accounting year. Note – NBFCs-BL are not eligible to include perpetual debt instruments in their Tier 1 capital.
Tier 2	"Tier 2 capital" for NBFCs (except NBFCs-BL) is the sum of (i) Preference shares other than those which are compulsorily convertible into equity; (ii) Revaluation reserves at discounted rate of 55 percent; (iii) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (iv) Hybrid debt capital instruments; (v) Subordinated debt; and (vi) Perpetual debt instruments issued by a non-deposit taking NBFC which is in excess of what qualifies for Tier 1 capital; to the extent the aggregate does not exceed Tier 1 capital. Note – NBFCs-BL are not eligible to include perpetual debt instruments in their Tier 2 capital.
WEO	World Economic Outlook
WGC	World Gold Council
WPI	Wholesale Price Index

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AML	Anti-Money Laundering
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DRR	Debenture Redemption Reserve

Term	Description
DT Circular	Operational Circular for Debenture Trustees no. SEBI/HO/DDHS/P/CIR/2023/50 issued by SEBI on March 31, 2023, as amended from time to time
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instruments) Rules, 2019
FFMC	Full Fledged Money Changer
Financial Year/FY	Financial Year ending March 31
FII/FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 2014 registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2019
GDP	Gross Domestic Product
GFCE	Government First Consumption Expenditure
GFCF	Gross Fixed Capital Formation
GoI	Government of India
G-Sec	Government Securities
GST	Goods and services tax
ICAI	Institute of Chartered Accountants of India established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949)
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
IND AS	The Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Accounting Standards as per the Companies (Accounting standards) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act.
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NPCI	National Payments Corporation of India
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PDI	Perpetual Debt Instrument
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement

Term	Description
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2021
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI NCS Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments.
TDS	Tax Deducted at Source
WDM	Wholesale Debt Market

Notwithstanding anything contained herein, capitalised terms that have been defined in the chapters titled *"Capital Structure", "History and Certain Other Corporate Matters", "Our Management", "Financial Statements", "Financial Indebtedness", "Issue Procedure", "Outstanding Litigations", "Key Regulations and Policies",* and *"Summary of Main Provisions of the Articles of Association"* and on pages 43, 123, 125, 142, 144, 188, 227, 259 and 279 respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

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

Unless otherwise stated, references in this Draft Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

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

Financial Data

Our Company publishes its financial statements in Rupees.

The Company's Audited Financial Statements for the financial year ended March 31, 2024 has been prepared by the Previous Statutory Auditor, Manikandan & Associates, in accordance with Ind AS notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements, as applicable.

With effect from April 1, 2019, as per the roadmap issued by the Ministry of Corporate Affairs ("**MCA**") dated January 18, 2016, under the Companies (Indian Accounting Standards) Rules, 2015, for Non-Banking Finance Companies (other than the Non-Banking Finance Companies having total assets of ₹50,000 lakhs or more), for financial reporting purposes, the Company has followed the Indian Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 and/or Rule 7 of the Companies (Indian Accounting Standard) Rules, 2015 ("**IND AS**"), as applicable.

The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The notification further explains that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹50,000 lakh, shall comply with Ind AS for accounting periods beginning from April 1, 2019. Accordingly, Ind AS is applicable to our Company with effect from April 1, 2023.

Our Company's Special Purpose Audited Financial Statements for the financial years ended March 31, 2023, March 31, 2022, are prepared by the previous Statutory Auditor, Manikandan & Associates, in accordance with accounting standards notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements, as applicable.

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

The Audited Financial Statements for the financial year ended March 31,2024 and Special Purpose Audited Financial Statements for the financial year ended March 31,2023 and the related audit reports as issued by our Company's Previous Statutory Auditors, M/s. Manikandan & Associates, Chartered Accountants, are included in this Draft Prospectus in the chapter titled *"Financial Statements"* beginning on page 142.

The Limited Review Unaudited Financial Results as issued by our Company's Statutory Auditor, Varma & Varma, Chartered Accountants and Audited Financial Statements and the reports issued thereon, as issued by our Company's previous Statutory Auditor, Manikandan & Associates, Chartered Accountants, is included in this Draft Prospectus, in the chapter titled "*Financial Statements*" beginning on page 142.

Unless stated otherwise, the financial data used in this Draft Prospectus is derived from the Limited Review Unaudited Financial Results, Audited Ind AS financial Statements for the financial year March 31,2024 and

Special Purpose Audited Financial Statements for the financial years ended March 31,2023 and March 31,2022, of the Company.

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

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

Unless stated otherwise or unless the context requires otherwise, the financial data used in this Draft Prospectus is on a standalone basis.

Currency and units of Presentation

In this Draft Prospectus, all references to 'Rupees'/ 'Rs.'/ 'INR'/ '₹' are to Indian Rupees, the official currency of the Republic of India. Except where stated otherwise in this Draft Prospectus, all figures have been expressed in 'lakhs'. All references to 'lakh/lakhs' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion /billions' means 'one hundred crores'.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been obtained from industry publications. 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. Although our Company believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Certain information and statistics in relation to the industry in which we operate, which has been included in this Draft Prospectus has been extracted from an industry report titled "*Gold Loan Industry in India*", dated November 27, 2024 prepared and issued by Fitch Solutions India Advisory Private Limited ("**Fitch Report**"). Please refer to "*Industry Overview*" on page 65 for further details. Following is the disclaimer of Fitch Solutions India Advisory Private Limited in relation to the Fitch Report:

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

General Risk

Investment in NCDs involve a degree of risk and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under section "Risk Factors" on page 16. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

FORWARD LOOKING STATEMENTS

This Draft Prospectus contains certain statements that are not statements of historical fact and are in the nature of "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "expect", "estimate", "intend", "objective", "plan", "potential", "project", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Draft Prospectus that are not historical facts.

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

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

Important factors that could cause actual results to differ materially from our expectations including, without limitation, the following:

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

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

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

4. Our operations are concentrated in 3 states i.e. Kerala, Maharashtra and Odisha and any adverse developments in these states of India may have an adverse effect on our business, results of operations, financial condition and cash flows;

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

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

7. Competition from our existing as well as new competitors;

8. Availability of adequate debt and equity financing at commercially acceptable terms;

9. General, political, economic, social and business conditions in Indian and other global markets; and

10. Other factors discussed in this Draft Prospectus, including under the chapter titled "*Risk Factors*" beginning on page 16.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapter titled "*Risk Factors*" and chapters titled "*Industry Overview*" and "*Our Business*" beginning on pages 16, 65 and 102, respectively.

By their nature, 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 or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Draft Prospectus. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Manager, our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI NCS Regulations, our Company, the Lead Manager will ensure that investors in India are informed of material developments between the date of filing this Draft Prospectus with the Stock Exchange and the date of the Allotment.

SECTION II - RISK FACTORS

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

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Draft Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 102 and "Financial Statements" on page 142 before making an investment decision. The following are the risks envisaged by the management of the Company relating to the Company, the NCDs and the market in general. Potential investors should carefully consider all the risk factors stated in this Draft Prospectus in relation to the NCDs for evaluating the Company and its business and the NCDs before making any investment decision relating to the NCDs. The Company believes that the factors described below represents the principal risks inherent in investing in the NCDs but does not represent that the statements below regarding the risks of holding the NCDs are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential investors should also read the detailed information set out elsewhere in this Draft Prospectus and reach their own views prior to making any investment decision. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and, therefore, the value of the Company's NCDs could decline and/or the Company's ability to meet its obligations in respect of the NCDs could be affected. More than one risk factor may have simultaneous affect with regard to the NCDs such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the NCDs and/or the Company's ability to meet its obligations in respect of the NCDs. These risks and uncertainties are not the only issues that the Company faces. These risk factors are determined on the basis of their materiality. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a material adverse effect on its financial condition or business. Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below.

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

Internal Risk Factors

1. ***We are subject to certain restrictive covenants in our loan documents and other debts, which may restrict our operations and ability to grow and may adversely affect our business.***

We have entered into agreements for availing financial facilities from various lenders. Certain covenants in these agreements require us to obtain approval / permission from our lenders in certain conditions. These conditions include, amongst others, implementation of any scheme of expansion / diversification / renovation / capital expenditure, formulation of any scheme of amalgamation or reconstruction, undertaking of guarantee obligation, any change in our capital structure. In the event of default or the breach of certain covenants, our lenders have the option to make the entire outstanding amount payable immediately. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business.

For further details in this regard, including approvals obtained from our lenders for this Issue, please refer chapter "*Financial Indebtedness*" on page144.

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

The cost and availability of capital is also dependent on our long-term and short-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to debt and bank lending markets and, thus, would adversely affect our net interest margins and business. In addition, downgrading of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements. The NCDs proposed to be issued under this Issue have been rated "IND BBB/Stable", by India Ratings and Research Private Limited ("**India Ratings**") for an amount up to ₹15,000 lakhs vide its letter dated November 21, 2024. We have also been assigned IND BBB/Stable, by India Ratings for our bank facilities. For details regarding ratings received by our Company, please refer to "*Our Business*" on page 102.

3. Our Company, our Promoters and Directors are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition and results of operations.

Our Company, our Promoters and Directors are subject to certain legal proceedings including civil suits, consumer litigations, tax litigations, trademark infringement suits etc. We incur substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that our Company, our Promoter and Directors shall be successful in any or all of these actions. In the event we or our Promoter and Directors suffer any adverse order, it may have an adverse impact on our reputation, business and results of operations. Further, our Company is involved in certain criminal proceeding with third parties in relation to our business operations. Any adverse decision in such proceedings may have a material adverse effect on our business.

Our Company, our Promoter, our Directors and our Group Companies are party to legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined against us, could adversely affect our business, results of operations and financial condition. We cannot assure you that an adverse order by any statutory or governmental authority will not have a negative impact on our profit and financial condition.

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

A summary of the outstanding proceedings involving our Company, Directors, Promoter and Group Companies in accordance with requirements under the SEBI NCS Regulations, as disclosed in this Draft Prospectus, to the extent quantifiable, have been set out below:

Name	**Criminal Proceedings**	**Tax Proceedings**	**Statutory or Regulatory Proceedings**	**Disciplinary actions by the SEBI or Stock Exchanges**	**Material Civil Litigations**	**Aggregate amount involved (₹ in lakh)**
Company						
By the Company	26	-	-	-	1	300.12
Against the Company	-	3	-	-	-	104.13
Directors						
By the Directors	-	-	-	-	1	-
Against the Directors	-	-	-	-	-	-
Promoters						
By the Promoters	-	-	-	-	3	-
Against the Promoters	-	-	-	-	1	-
Group Companies						

Name	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Material Civil Litigations	Aggregate amount involved (₹ in lakh)
By the Group Companies	-	-	-	-	-	-
Against the Group Companies	-	3	-	-	-	124.19
Subsidiaries						
By the Subsidiaries	Not Applicable					
Against the Subsidiaries						

For further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigations*" beginning on page 227.

4. Supporting documents in connection with the biographies of the directors included in the section "Our Management" of this Draft Prospectus are unavailable.

Certain documents supporting the information included in this Draft Prospectus with respect to previous work experience of the directors, disclosed in the sections titled "*Our Management*" on page 125 may not be available. Accordingly, reliance has been placed on declarations and undertakings furnished by such director to us and the Lead Manager to disclose details of their previous work experience in this Draft Prospectus. We and the Lead Manager have been unable to independently verify these details prior to inclusion in this Draft Prospectus. Further, there can be no assurances that our Director will be able to trace the relevant documents pertaining to their previous work experience in future, or at all.

5. A part of our branch network is concentrated in Kerala, Maharashtra and Odisha, and we derive majority of our revenue from these states. Any breakdown of services in these areas could have a material and adverse effect on our results of operations and financial conditions.

We derive majority of our revenue from our 169 branches situated in Kerala, Maharashtra and Odisha out of 267 of our total branches as on November 30, 2024. Further, approximately 68.75% of our loan portfolio as on September 30, 2024 is concentrated in these 3 states i.e. Kerala, Maharashtra and Odisha. As a result, we are exposed to risks including any change in policies relating to these states, any localised social unrest, any natural disaster and any event or development which could make business in such states less economically beneficial. Any such risk, if materialises, could have a material adverse effect on the business, financial position and results of operations of our Company. For further details of our branch network within India, please refer to the chapter titled "*Our Business - Branch Network*" on 72.

6. Our business is capital intensive and any disruption or restrictions in raising financial resources could have a material adverse effect on our liquidity and financial condition.

Our liquidity and ongoing profitability are largely dependent upon our timely access to and the costs associated in raising resources. Our funding requirements historically have been met from a combination of borrowings such as working capital limits and term loans from banks and issuance of secured redeemable non-convertible debentures on private placement basis and subordinated debts. Thus, our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

Our ability to raise funds on acceptable terms and at competitive rates continue to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

The global and Indian capital and lending markets are, by nature, highly volatile and access to liquidity can, at times, be significantly reduced. Moreover, since 2018, default in debt repayments by a large NBFC in India led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity.

This has led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to renew loans and raise capital in recent times. If any event of similar nature and magnitude occurs again in the future, it may result in increased borrowing costs and difficulty in accessing debt in a cost-effective manner. Moreover, we are a NBFC-ND-BL, and do not have access to public deposits.

A significant portion of our debt matures each year. Out of the total amount of our outstanding non-convertible debentures (excluding interest thereon but including non-convertible debentures that are matured but not redeemed), issued by our Company as of September 30, 2024, non-convertible debentures amounting to ₹ 6,066.65 lakhs will mature during the next 12 months . In order to retire these instruments, we either will need to refinance this debt, which could be difficult in the event of volatility in the credit markets or raise equity capital or generate sufficient cash to retire the debt.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As a NBFC, we also face certain restrictions on our ability to raise money from international markets, which may further constrain our ability to raise funds at attractive rates. Any disruption in our primary funding sources at competitive costs would have a material adverse effect on our liquidity and financial condition.

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

Our results of operations are substantially dependent upon the level of our Net Interest Margins. Income from loans is the largest component of our total income, and constituted 98.80%, 98.34 %, 96.96% and 96.99% for the Financial Years ended March 31, 2022, March 31, 2023, and March 31, 2024 and Six months period ended September 30, 2024 respectively. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

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

Our policy is to attempt to balance the proportion of our interest earning assets, which bear fixed interest rates, with interest bearing liabilities. A significant portion of our liabilities, such as our NCDs carry fixed rates of interest. Moreover, we do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future or can effectively balance the proportion of our fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

In a rising interest rate environment, if the yield on our interest earning assets does not increase at the same time or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline at the same time or to the same extent as the yield on our interest earning assets, our net interest income and net interest margin would be adversely affected. There can be no assurance that we will be able to adequately manage our interest rate risk. If we are unable to address the interest rate risk, it could have an adverse effect on our net interest margin, thereby adversely affecting our business and financial condition.

8. We depend on the recognition of the Muthoot® brand, and failure to use, maintain and enhance awareness of the brand would adversely affect our ability to retain and expand our base of customers.

Our business is dependent on the continued usage of the Muthoot® brand and trademark. The mark Muthoot® has been registered as a trademark by M. Mathews, Chairman of our Company.

Further, an application was filed by Thomas Muthoot, Thomas John Muthoot and Thomas George Muthoot before the Intellectual Property Appellate Board, Chennai on July 3, 2012 for the removal, expungement, rectification, cancellation and variation of the trademark with registration number 1267883 in class 36 in the name of M Matthew. Subsequently, the application was transferred to the Intellectual Property Division of the High Court of Judicature at Madras and is currently pending. Any damage to the brand or our reputation may substantially impair our ability to maintain or grow our business or have a material adverse effect on our overall business, financial condition, results of operations and cash flows.

In addition, any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise may harm our brand image, competitive advantages and business and dilute or harm our reputation and brand recognition Moreover, we may also be harmed by the actions of or negative press relating to entities which have similar names. We have in the past instituted proceedings against third parties for infringing upon our licensed trademarks and trade names. Further, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management.

9. Our Company has high Debt Equity ratio and any further increase in borrowings may have a material adverse effect on our business, financial condition and results of operations.

Our Company has raised funds from a combination of borrowings such as working capital limits and term loans from banks and issuance of secured redeemable non-convertible debentures on private placement basis, secured redeemable non-convertible debentures by way of public issue and subordinated debts. We are subject to the RBI's guidelines on financial regulation of NBFCs, including leverage ratio, capital adequacy, exposure and other prudential norms. As per the prudential norms, the leverage ratio of NBFCs (except NBFC-MFIs, NBFCs-ML and above) shall not be more than 7 at any point of time and our debt equity ratio of 4.24 as on September 30, 2024, is within the stipulated limits. While this strategic choice has facilitated our ability to undertake various initiatives improving the top lines and bottom lines, it also introduces certain financial considerations. We will continue to monitor and evaluate our capital structure to ensure we maintain a healthy balance between debt and equity financing. For further information, refer section '*Capital Structure - Debt - equity ratio*' on page 46.

10. We have had negative cash flows in the past. Any negative cash flows in the future could adversely affect our results of operations and financial condition.

We have had negative cash flows for operating activities in the past on account of high growth in loans and advances i.e., disbursals as compared with collections for the year and may have negative cash flows in the future. If we experience any cash outflow in the future, this could adversely affect our business prospects, financial condition and results of operations. For further information, see the section titled '*Financial Statements*' on page 142.

(₹ in lakhs)

Particulars	**September 30, 2024**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Net cash generated from/ (used in) operating activities	(6,609.90)	(10,875.19)	(15,544.08)	(3,269.11)
Net cash generated from/ (used in) investing activities	(2,190.79)	(1,737.57)	756.82	(1,320.47)
Net cash generated from/ (used in) financing activities	14,054.71	9,125.46	15,876.63	7,851.06

11. Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.

We extend loans secured mostly by household gold jewellery. A sustained decrease in the market price of gold could cause a corresponding decrease in new Gold Loan in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. The impact on our financial position and results of operations of a hypothetical decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

12. We face increasing competition in our business which may result in declining interest margins. If we are unable to compete successfully, our market share may also decline.

Our principal business is providing Gold Loan to customers in India secured by gold jewellery. Historically, the Gold Loan industry in India has been largely unorganised and dominated by local jewellery pawn shops and money lenders, with little involvement from public sector or private sector banks. Gold Loan financing was availed predominantly by lower income group customers with limited or no access to other forms of credit, however, such income group has gained increased access to capital through organised and unorganised money lenders, which has increased our exposure to competition. The demand for Gold Loan has also increased due to relatively lower and affordable interest rates, increased need for urgent borrowing or bridge financing requirements, the need for liquidity for assets held in gold and increased awareness and acceptance of Gold Loan financing.

All of these factors have resulted in increased competition from other lenders in the Gold Loan industry, including commercial banks and other NBFCs, who also have access to funding from customers' savings and current deposits. We are reliant on higher cost loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively will depend, to some extent, on our ability to raise low cost funding in the future. If we are unable to compete effectively with other participants in the Gold Loan industry, our business, financial condition and results of operations may be adversely affected. Furthermore, as a result of increased competition in the Gold Loan industry, Gold Loan are becoming increasingly standardised. Variable interest rates, variable payment terms and waiver of processing fees are also becoming increasingly common.

13. We may not be able to realise the full value of our pledged gold, which exposes us to potential loss.

We may not be able to realise the full value of our pledged gold, due to, among other things, defects in the quality of gold or sharp downward movement in the price of gold which could result in fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewellery securing the loans may have decreased significantly, resulting in losses which we may not be able to support. Although, we have in place an internal policy on determining the quality of gold prior to disbursement of the Gold Loan. However, we cannot assure you that the methods followed by us are fool proof and the impurity levels in the gold can be accurately assessed.

Further, increase in price of gold allows us to lend more on gold jewellery. We may not be able recover dues on the loan entirely while auctioning the gold jewellery obtained as collateral on account of subsequent fall in gold price.

In the case of a default, we may auction the pledged gold in accordance with our auction policy. We cannot assure you that we will be able to auction such pledged gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process or other processes undertaken by us to recover the amount due to us. Any such failure to recover the expected value of pledged gold could expose us to a potential loss and which could adversely affect our financial condition and results of operations.

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

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

Our income from operations increased from ₹ 6,673.82 lakhs in the Financial Year ended March 31, 2022 to ₹ 12,993.00 lakhs in the Financial Year ended March 31, 2024, thereby achieving compounded annual growth rate ("**CAGR**") of 39.53%. Furthermore, the loan book increased from ₹ 33,851.92 lakhs for the Financial Year ended March 31, 2022 to ₹ 66,314.01 lakhs in the Financial Year ended March 31, 2024 at a CAGR of 39.96%. Our income from operations for Financial Year ended March 31, 2024, amounted to ₹12,993.00 lakhs and the loan book as on March 31, 2024 was at ₹ 66,314.01 lakhs.

Our income from operations for the six months period ended September 30, 2024, amounted to ₹7,096.87 lakhs and the loan book as on September 30, 2024 was at ₹ 75,261.59 lakhs.

Our growth strategy includes growing our loan book, expanding network of branches and expanding the range of products and services. We cannot assure you that we will be able to execute our growth strategy successfully or continue to achieve or grow at the levels of revenue earned in recent years, or that we will be able to expand further our loan book. Furthermore, there may not be sufficient demand for our services or they may not generate sufficient revenues relative to the costs associated with offering such services. Even if we were able to introduce new services successfully, there can be no assurance that we will be able to achieve our intended return on such investments.

Further, principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. It also includes undertaking permission from various authorities, including RBI and various regulatory compliances. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure.

15. If we are not able to control the level of non-performing assets in our portfolio, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected.

We may not be successful in our efforts to improve collections and/or enforce the security interest on the gold collateral on existing as well as future non-performing assets. Moreover, as our loan portfolio increases, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control our level of non-performing assets, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Our gross NPAs for the financial years ended March 31, 2022, March 31, 2023, March 31, 2024 and Six months period ended September 30, 2024 were ₹123.56 lakhs, ₹139.16 lakhs, ₹346.14 lakhs, ₹ 475.11 lakhs respectively.

The RBI Master Directions prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets. Furthermore, although we believe that our total provision will be adequate to cover all known losses in our asset portfolio, our current provisions may not be adequate. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or otherwise, or that the percentage of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing assets. In the event of any further increase in our non-performing asset portfolio, there could be an even greater, adverse impact on our results of operations.

16. Our ability to lend against the collateral of gold jewellery has been restricted on account of guidelines issued by RBI, which may have a negative impact on our business and results of operation.

RBI vide the Master Directions has stipulated all NBFCs to maintain a loan to value (LTV) ratio not exceeding 75% for loans granted against the collateral of gold jewellery and further prohibits lending against bullion/primary gold. This notification will limit our ability to provide loan on the collateral of gold jewellery and thereby putting us at a disadvantage vis-à-vis unregulated money lenders offering similar products. Further, RBI in the Master Directions, has mandated NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier 1 capital of 12%. Such restrictions imposed by RBI may erode our margins, impact our growth and business prospects.

RBI in the Master Directions further tightened the norms for lending against the security of gold ornaments by pegging the maximum lendable value (LTV) to 30 day moving average closing price of 22 carat gold quoted by India Bullion and Jewellers Association Limited (formerly known as Bombay Bullion Association Limited). Any such future restrictions by RBI could have a negative impact on our business and results of operation.

17. We are subjected to supervision and regulation by the RBI as a NBFCs – Base Layer, and changes in RBI's regulations or period inspection governing us could adversely affect our business.

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. Through the Master Directions, RBI has amended the regulatory framework governing NBFCs to address concerns pertaining to risks, regulatory gaps and arbitrage arising from differential regulations and aims to harmonise and simplify regulations to facilitate a smoother compliance culture among NBFCs.

As a NBFCs **– Base Layer**, our Company is required to maintain a capital adequacy ratio of at least 15.00% of our aggregate risk-weighted assets of our balance sheet (on-balance sheet and of risk adjusted value of off balance sheet items) on an ongoing basis. Our Company's capital adequacy ratio was 25.61% as of September 30, 2024. If we continue to grow our Total Credit Exposure and asset base, we will be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business. Further, our Tier I capital adequacy ratio of was 19.18% as of September 30, 2024. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios and Tier I capital requirements with respect to our business of Gold Loan. There can be no assurance that we will be able to maintain adequate capital adequacy ratio or Tier I capital by raising additional capital in the future on terms favourable to us, or at all. Failure to maintain adequate capital adequacy ratio or Tier I capital may adversely affect the growth of our business.

Moreover, under the Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the threshold for defining the NBFCs based on their size, activity and perceived riskiness. NBFCs-Base Layer will be those NBFCs which have below asset size of ₹ 100,000 lakhs as per the last audited balance sheet. We cannot assure you that the Master Directions and its applicability to us will not have a material and adverse effect on our future financial conditions and results of operations.

Even though the RBI, has not provided for any restriction on interest rates that can be charged by non-deposit taking NBFCs, there can be no assurance that the RBI and/or the Government will not implement regulations or policies, including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that could have an adverse effect on non-deposit taking NBFCs. In addition, there can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business.

As an NBFC, we are subject to periodic inspection by RBI under Section 45N of the RBI Act, 1934 ("**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by such regulatory authorities could, similarly, expose us to warnings, penalties and restrictions. During the course of finalization of inspection, regulatory authorities share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities also seek certain clarifications and share their findings in the ordinary course of business. We respond to observations made by such authorities and address them appropriately; however, we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise/ the authorities will not make similar or other observations in the future.

18. We may be subject to regulations in respect of provisioning for non-performing assets. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our financial condition, liquidity and results of operations.

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI vide the Master Directions provides for the regulatory framework governing NBFCs pertaining to provision for standard assets. The requirement is to make a provision for standard asset at 0.4% of the outstanding.

There are multiple factors that affect the level of NPAs in our Company. Prominent among them are fall in value of gold, increase in the LTV ratio for gold loan etc.

The level of our provisions may not be adequate to cover further increases in the amount of our nonperforming assets or a decrease in the value of the underlying gold collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital.

19. Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI, imposing restrictions on banks in relation to their exposure to NBFCs. Any limitation on our ability to borrow from such banks may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

Under RBI Master Circular DBR.BP.BC.No.5/21.04.172/2015-16 on bank finance to NBFCs issued on July 1, 2015, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of its financial assets) should not exceed 7.5%, of its capital funds. Banks may, however, assume exposures on a single NBFC up to 12.5% of their capital funds, provided the exposure in excess of 7.5% is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together and should include internal sub-limit to all NBFCs providing Gold Loan (i.e. such loans comprising 50% or more of their financial assets), including us. This limits the exposure that banks may have on NBFCs such as us, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

20. Our Gold Loan are due within 12 months of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.

The Gold Loan we offer are due within a period of upto 12 months of disbursement. The relatively short-term nature of our loans means that we are not assured of long-term interest income streams compared to businesses that offer loans with longer terms. In addition, our existing customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The short-term nature of our loan products and the potential instability of our interest income could materially and adversely affect our results of operations and financial position.

21. Inaccurate appraisal of gold by our personnel may adversely affect our gold loan business and financial condition.

The accurate appraisal of pledged gold is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Inaccurate appraisal of gold by our workforce may result in gold being overvalued and pledged for a loan that is higher in value than the gold's actual value, which could adversely affect our reputation and business. Further, we are subject to the risk that our gold appraisers may engage in fraud regarding their estimation of the value of pledged gold. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

22. We are subject to regulations in relation to minimum capital adequacy requirements and our inability to maintain our capital adequacy ratio could adversely affect our business.

The RBI Master Directions currently require NBFCs to comply with a capital to risk (weighted) assets ratio ("**CRAR**"), consisting of Tier I and Tier II capital. Under these requirements, Tier I and Tier II capital should not be less than 15% of the sum of the NBFC's risk-weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items, as applicable. In addition, our Tier I capital, at any point in time, shall not be less than 10%. For details, see "*Key Regulations and Policies*" on page 259.

As of September 30, 2024, our CRAR was 25.61 %, with Tier I capital comprising 19.18% and Tier II capital comprising of 6.43%. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable CRARs. Further, the RBI may increase its minimum CRAR threshold, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate capital in the future on terms favourable to us, or at all, which

may adversely affect the growth of our business. Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results.

23. Our branches are vulnerable to theft and burglary. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer and this may result in adverse effect on our financial condition and results of operations.

Storage of pledged gold jewellery as part of our business entails the risk of theft/burglary and resulting loss to our reputation and business. The short tenure of the loans advanced by us and our practice of processing loan repayments within short timelines require us to store pledged gold on our premises at all points in time. With regard to cases of theft/burglaries, we may not be able to recover the entire amount of the loss suffered and may receive only a partial payment of the insurance claim. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer. Further, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery could adversely affect our reputation and results of operation.

24. The insurance coverage taken by us may not be adequate to protect against certain business risks. This may adversely affect our financial condition and result of operations.

Operating and managing a Gold Loan business involves many risks that may adversely affect our operations and the availability of insurance is therefore important to our operations. We believe that our insurance coverage is adequate to cover us. However, to the extent that any uninsured risks materialise or if it fails to effectively cover any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims or that our insurers will not disclaim coverage as to any particular claim or claims. Occurrence of any such situation could adversely affect our financial condition and results of operations.

25. Our entire customer base comprises individual borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.

A majority of our customer base belongs to the low to medium income group. Furthermore, unlike many developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment of the low to medium income group. It is therefore difficult to carry out precise credit risk analyses on our customers. While we follow certain procedures to evaluate the credit profile of our customers before we sanction a loan, we generally rely on the quality of the pledged gold rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our loan portfolio, which could in turn have an adverse effect on our financial condition, cash flows and results of operations.

26. We strive to attract, retain and motivate key employees, and our failure to do so could adversely affect our business. Failure to hire key executives or employees could have a significant impact on our operations.

While we strive to attract, train, motivate and retain highly skilled employees, especially branch managers and gold assessment technical personnel, any inability on our part to hire additional personnel or retain existing qualified personnel may impair our ability to expand our business could lead to a decline of our revenue. Hiring and retaining qualified and skilled managers and sales representatives are critical to our future, and competition for experienced employees in the gold loan industry is intense. In addition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to re-deploy and retain our employees to keep pace with continuing changes in technology, evolving standards and changing customer preferences. The failure to hire key executives or employees or the loss of executives and key employees could have a significant impact on our operations.

27. We are subject to the risk of fraud by our employees and customers. Our lending operations involve significant amounts of cash collection which may be susceptible to loss or misappropriation or fraud by

our employees. Specifically, employees operating in remote areas may be susceptible to criminal elements which may adversely affect our business, operations and ability to recruit and retain employees

We are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of Gold Loan and custody of gold, there could be instances of fraud with respect to Gold Loan and cash related misappropriation by our employees. We are required to report cases of internal fraud to the RBI, which may take appropriate action. We cannot guarantee you that such acts of fraud will not be committed in the future, and any such occurrence of fraud would adversely affect our reputation, business and results of operations.

Our lending and collection operations involve handling of significant amounts of cash, including collections of instalment repayments in cash which is the norm in the finance industry. Large amounts of cash collection expose us to the risk of loss, fraud, misappropriation or unauthorised transactions by our employees responsible for dealing with such cash collections. While we obtain insurance, coverage including fidelity coverage and coverage for cash in safes and in transit and undertake various measures to detect and prevent any unauthorised transactions, fraud or misappropriation by our employees, these measures may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our business operations and financial condition. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorised transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects and future financial performance.

Further, our employees operating in remote areas may be particularly susceptible to criminal elements as they are involved in cash collection and transportation due to lack of local banking facilities. In the event of any such adverse incident our ability to continue our operations in such areas will be adversely affected and our employee recruitment and retention efforts may be affected, thereby affecting our expansion plans. In addition, if we determine that certain areas of India pose a significantly higher risk of crime or political strife and instability, our ability to operate in such areas will be adversely affected.

28. We are subject to the risk of unknowingly receiving stolen goods as collateral from customers which may result in loss of collateral for the loan disbursed

We have a policy in place to satisfy ownership of the gold jewellery and have taken adequate steps to ensure that the KYC guidelines stipulated by RBI are followed and due diligence of the customer is undertaken prior to the disbursement of loans. However, in the event that we unknowingly receive stolen goods as collateral from a customer, the goods can be seized by authorities. Once seized by the authorities, gold items will be stored in court storage facilities without a surety arrangement. No recourse is generally available to our Company in the event of such seizure, except the recovery of the loss from the customer. Any seizure of the gold ornaments by the authorities shall result in us losing the collateral for the loan disbursed and could adversely affect our business and results of operations.

29. System failures or inadequacy and security breaches in computer systems may adversely affect our operations and result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Through our information technology systems, we manage our operations, market to our target customers, and monitor and control risks. We are dependent upon the IT software for effective monitoring & management, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact our business and results of operations.

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

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be

vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security.

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

30. We have entered into, and will continue to enter into, related party transactions.

We have entered into certain transactions with related parties and are likely to continue to do so in the future. Although all such related-party transactions are at arm's length, as required under the Companies Act and SEBI Listing Regulations. We cannot assure you that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related-party transactions may potentially involve conflicts of interest which may be detrimental to our interest and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition and results of operations. For further details, see Note 38, Note 23 and Note 23 of "*Financial Statements*" on page F-184, F-95, F-39, respectively beginning on page 142.

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

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

32. Our inability to open new branches at correct locations may adversely affect our business.

Our business is dependent on our ability to service and support our customers from proximate locations and thereby giving our customers easy access to our services. Further, it is vital for us to be present in key locations for sourcing business as we depend on these branches to earn revenue. Thus, any inability on our part to open new branches at correct locations may adversely affect our business and results of operations.

33. Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business, financial condition and results of operations.

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

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

conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

34. We rely significantly on our management team, our Key Managerial Personnel/Senior Management and our ability to attract and retain talent. Loss of any member from our management team or that of our Key Managerial Personnel/Senior Management may adversely affect our business and results of operation.

We rely significantly on our core management team which oversees the operations, strategy and growth of our businesses. Our Key Managerial Personnel/Senior Management have been integral to our development. Our success is largely dependent on our management team which ensures the implementation of our strategy. If one or more members of our management team are unable or unwilling to continue in their present positions, they may be difficult to replace, and our business and results of operation may be adversely affected.

RISKS PERTAINING TO THIS ISSUE

35. Changes in interest rates may affect the price of our NCDs which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending and for repayment of interest and principal of existing loans and also for general corporate purposes. For further details, see "*Objects of the Issue*" at page 48. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. The utilization details of the proceeds of the Issue shall be adequately disclosed as per applicable law. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

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

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

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

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including, inter-alia our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure minimum 100.00% asset

cover for the NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

39. There can be no assurance that the NCDs issued pursuant to this Issue will be listed on the Stock Exchange in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by BSE, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to this Draft Prospectus.

40. In case of outstanding debt instruments, deposits, or borrowings, any default in compliance with the material covenants could expose you to significant risks. These covenants may include the creation of security as per the agreed terms, default in payment of interest, default in redemption or repayment, and default in payment of penal interest wherever applicable.

The covenants of the Issue are set out under "*Issue Structure – Covenants of the Issue*" at page 194 and in the Debenture Trust Hypothecation Deed which will be duly filed with the stock exchange in terms of SEBI Master Circular, as amended. These covenants have been mutually agreed upon between our Company and the Debenture Trustee.

Our ability to comply with these covenants is subject to various factors including our financial condition, profitability, and the general economic conditions in India and in the global financial markets. In accordance with the terms and conditions of the outstanding debt instruments, deposits, or borrowings, any failure to comply with the material covenants could lead to significant risks. These covenants may include the creation of security as per terms agreed, default in payment of interest, default in redemption or repayment, and default in payment of penal interest, among others.

While our Company shall take all necessary steps to comply with these covenants within the timelines prescribed by SEBI, there could be a failure or delay in compliance due to unforeseen circumstances. Any such default could lead to penalties, legal actions, or even trigger a default on other obligations under cross-default provisions which may adversely affect our business, results of operations, financial condition and cash flows. There is no assurance that the Company will be able to avoid such defaults, and any such event could expose you to significant financial and legal risks. It is important for investors to understand these risks and consider them when making their investment decisions.

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

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

42. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Gold Loan industries contained in this Draft Prospectus.

While facts and other statistics in this Draft Prospectus relating to India, the Indian economy as well as the Gold Loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Gold Loan industry. While we have taken reasonable care in the

reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 65. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

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

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

44. In the event of liquidation or bankruptcy, the new bankruptcy code in India may affect our Company's right to recover loans from its borrowers.

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

EXTERNAL RISK FACTORS

45. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance and our ability to obtain financing for capital expenditures.

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

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

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

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

47. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

48. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect our business and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect our business.

India has also witnessed civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our NCDs.

49. Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

50. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, our ability to raise financing for onward lending and the price of our NCDs.

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

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

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on March 3, 1997, as '*Muthoot Mercantile Limited*', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Kerela at Kochi. Our Company also obtained the certificate of commencement of business dated March 11, 1997 from the Registrar of Companies, Kerala at Kochi. For details of changes in our registered office, see "*History and Certain Other Corporate Matters*" on page 123.

NBFC Registration

Our Company had originally obtained a Certificate of Registration in the name of Muthoot Mercantile Limited dated December 12, 2002 bearing registration no. 16.00178 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act.

Registration

The registration number, corporate identity number and Legal Entity Identifier Number of our Company are as follows:

i. Company Registration Number with RoC: 011260

ii. Corporate Identity Number issued by RoC: U65921KL1997PLC011260.

iii. LEI: 984500F0IH75EC7A4156

iv. Permanent Account Number: AABCM5297K

Liability of the members of the Company

Limited by shares

Registrar of Companies

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

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

Registered Office

1st Floor, North Block, Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram – 695014,
Kerala, India.
Email: info@muthootenterprises.com
Telephone: +91-0471-277-4800
Website: www.muthootenterprises.com

For further details regarding changes to our Registered Office, see "*History and Certain Corporate Matters*" on page 123.

Board of Directors

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

Name, Designation and DIN	Age (in years)	Address
Mathew Mathaininan **Designation:** Chairman and Whole-Time Director **DIN:** 00063078	82	Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala India.
Richi Mathew **Designation:** Managing Director **DIN:** 00224336	50	Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala India.
Ammini Mathew **Designation:** Whole Time Director **DIN:** 00533771	73	Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala India.
Asha Richi Mathew **Designation:** Non-Executive Director **DIN:** 05172361	39	Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala India.
Anthony Robert John **Designation:** Independent Director **DIN:** 10213030	58	Little Flower, Cottage, Pravachambalam, Nemom P O, Pallichal, Thiruvananthapuram – 695020, Kerala India.
Dillark Justin **Designation:** Independent Director **DIN:** 09771752	44	Pushpa Vihar, TENRA -124-A, Elankam Nagar, Thycadu PO, Thiruvananthapuram – 695014, Kerala, India.

Chief Financial Officer

Rajeev M R

Muthoot Mercantile Limited, 1st Floor, North Block, Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram – 695014,
Telephone: +91 -0471 2774800
E-mail: cfo@muthootenterprises.com

Company Secretary and Compliance Officer:

Remya R.S
Muthoot Mercantile Limited, 1st Floor, North Block, Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram – 695014,
Telephone: +91 0471 2774800
E-mail: cs@muthootentereprises.com

Investors may contact the Registrar to the Issue or the Compliance Officer for the Issue and Company Secretary in case of any pre- Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotment of NCDs or refund orders.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form number, Applicant's DP ID, Client ID, PAN, address of Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the application,

Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

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

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them. All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism (app based/wed interface platform) of the Stock Exchanges, or through Trading Members, may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue.

Lead Manager to the Issue

VIVRO

Vivro Financial Services Private Limited
Vivro House 11, Shashi Colony,
Opposite Suvidha Shopping Center,
Paldi, Ahmedabad - 380007
Gujarat, India.
Telephone: +91 7940404242/40/41
Email: investors@vivro.net
Contact Person: Jay Dodiya / Kruti Saraiya
Website: www.vivro.net
SEBI Registration No.: INM000010122

Legal Counsel to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India
Telephone: +91 22 2266 3353
Contact Person: Sanjay Asher

Debenture Trustee

MITCON CREDENTIA
PARTNER WITH TRUSTED CREDENTIALS

MITCON Credentia Trusteeship Services Limited
1402/1403, B-Wing, Dalamal Towers,
14th Floor, Free Press Journal Marg, 211,
Nariman Point, Mumbai – 400 021,
Maharashtra, India.
Telephone: +91 22 2282 8200
Email: contact@mitconcredentia.in
Investor Grievance Email: investorgrivenaces@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Vaishali Urkude
SEBI Registration No.: IND000000596

MITCON Credentia Trusteeship Services Limited has by its letter dated December 12, 2024 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus

and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust cum Hypothecation Deed see, "*Issue Related Information*" on page 170.

Registrar to the Issue

KFin Technologies Limited
Selenium, Tower-B,
Plot No – 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi – 500 032,
Telangana, India
Telephone: +91 40 6716 2222
Toll free number: 18003094001
Email: mml.ncdipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Credit Rating Agency

India Ratings and Research Private Limited
Wockhardt Towers, 4th floor, West Wing,
Bandra Kurla Complex,
Bandra (E), Mumbai 400 051,
Maharashtra, India
Telephone: 022-4000 1700
E-mail: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Ismail Ahmed
SEBI Registration No: IN/CRA/002/1999

Credit Rating

The NCDs proposed to be issued under this Issue have been rated "IND BBB/Stable", by India Ratings for an amount up to ₹ 15,000 lakhs *vide* its letter dated July 23, 2024 read with revalidation letter dated November 21, 2024. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities. For the rationale for the ratings, see Annexure II to this Draft Prospectus.

Disclaimer clause of India Ratings

Users of India Ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the Issuer and its advisers are responsible for the accuracy of the information

they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. The Rating Agency shall neither have construed to be nor acting under the capacity or nature of an 'expert' as defined under Section 2(38) of the Companies Act, 2013. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

Statutory Auditors of our Company

Varma & Varma , Chartered Accountants
T C 9/1504, Galaxy, Sasthamangalam,
Thiruvananthapuram, Kerala - 695010, India
Telephone: +0471-2727345
Email: trivandrum@varmaandvarma.com
Website: www.varmaandvarma.com
Contact Person: Rajeev R
Membership No: 211277
Firm Registration Number: 004532S
Peer Review No.: 014223

Varma & Varma, Chartered Accountants has been the Statutory Auditors of our Company since September 30, 2024.

Change in Auditors for preceding three financial years and current financial year as on date of this Draft Prospectus:

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of resignation if applicable
Paulson Michael & Co., Chartered Accountants	2nd Floor, FC Centenary Building, Tana, Irinjalakuda – 680 121, Kerala India.	November 30, 2021	September 21, 2022	NA
Mohandas and Associates, Chartered Accountants	3rd Floor, Sree Residency, Press Club Road, Thrissur – 680 001, Kerala, India.	September 22, 2022 Re-appointed as on September 5, 2023	NA	September 7, 2023
Manikandan & Associates, Chartered Accountants.	Krishna Arcade, Near Marathompilly Krishna Temple, KSRTC Road, Chalakudy, Thrissur – 680307, Kerala, India.	September 29, 2023	September 30, 2024	NA
Varma & Varma ,	Varma & Varma,	September 30,	NA	NA

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of resignation if applicable
Chartered Accountants	Chartered Accountants, T C 9/1504, Galaxy, Sasthamangalam, Thiruvananthapuram, Kerala - 695010, India	2024		

Public Issue Account Bank, Refund Bank and Sponsor Bank

As Specified in the Prospectus

Syndicate Member

As Specified in the Prospectus

Bankers to our Company

State Bank of India
Commercial Branch,
Second Floor, Vankarath Towers,
NH Bypass Junction,
Padivattom, Ernakulam-682 024
Kerala, India.
Email: sbi.04062@sbi.co.in
Website: www.sbi.co.in
Tel: 0484 – 2341555
Contact Person: Asst General Manager & Relationship Manager

The Federal Bank Limited
Corporate & Institutional Banking Department,
4 Floor - Federal Towers,
MG Road – Statue,
Thiruvananthapuram – 695001
Email: dennis@federalbank.co.in
Website: www.federalbank.co.in
Tel: 7012889683
Contact Person: Dennis Sebastian

Piramal Enterprises Limited
CMML, 3 rd Floor, Amit Building, Piramal Agastya Corporate Park, kamini Junction, LBS, Marg, Kurla West – 40070
Email: pretesh.jain@piramal.com
Website: www.piramal.com
Tel: 2238023000
Contact Person: Mr. Pretesh Jain

Indian Overseas Bank
Geeth Tower, Opposite W&C Hospital, Thycaud
Email: iob1303@iob.in
Website: www.iob.in
Tel: 0471 2335210
Contact Person: Mr. Ajesh S V

The South Indian Bank Limited
1st Floor, Safa International Building,
Near Aristo Junction, Thampanoor,
Thiruvananthapuram – 695 014,
Kerala, India.
Email: br0721@sib.co.in
Website: www.southindianbank.com
Tel: 0471 – 2329585
Contact Person: Ms. Sheena Sudheendran

The Karur Vysya Bank Limited
CBU-Ernakulam, Door No. 1/1014,
Marnatha Towers, Ground Floor,
Parutheli Jn., Edapally,
Ernakulam – 682 024,
Kerala, India.
Email: cbucoimbatore@kvbmail.com; haridastk@kvbmail.com
Website: www.kvb.co.in
Tel: 9159944554
Contact Person: Haridas T K

Oxyzo Financial Services Limited
(formerly known as '*Oxyzo Financial Services Private Limited*')
Shop No. G-22 C (UGF) D-1 (K-84) Green Park Main New Delhi, South Delhi-Delhi-110016
Email: aridaman@ofbusiness.in
Website: www.oxyzo.in
Tel: 7353013499
Contact Person: Aridaman Singh

Bajaj Finance Limited

16 th Floor**,** B- wing, The Capital, Bandra Kurla Complex, Bandra East, Mumbai 400051
Email: Deepti.shetty@bajajfinserv.in
Contact Person: Deepti Shetty

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who:

a. *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
b. *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
c. *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447"

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

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of Base Issue being ₹5,625 lakhs, within the prescribed timelines under the Companies Act, SEBI Regulations, and any rules thereto, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight working days from the Issue Closing Date or such time as may be specified by the Board. In the event the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within eight working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Recovery Expense Fund

Pursuant to SEBI Master Circular for Debenture Trustee, as amended, our Company is required to create a recovery expense fund. Our Company shall deposit in the recovery expense fund an amount equal to 0.01% of the issue size, subject to maximum of ₹25 lakhs.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditor, the Legal Counsel to the Issue, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Sponsor Bank, Refund Bank, Credit Rating Agency, FSIAPL, the Banker to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities, will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of the Prospectus with RoC.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled "*Objects of the Issue*" on page 48 of this Draft Prospectus.

Underwriting

This Issue will not be underwritten.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned links.

In relation to Applications submitted to a member of the sub-syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes), or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above-mentioned web-link.

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

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

Registered Brokers / RTAs / CDPs

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

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

For further details, see "*Issue Procedure*" on page 195.

Issue Programme:

ISSUE OPENING DATE	As Specified in the Prospectus
ISSUE CLOSING DATE	As Specified in the Prospectus*****
PAY IN DATE	Application Date. The entire Application Amount is payable on Application
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors or the Debenture Allotment Committee thereof authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

** This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of two Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company ("Board") or Debenture Allotment Committee of the Board subject to compliance with Regulation 33A of the SEBI NCS Regulation. In the event of such early closure or extension to this Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue Closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details, see "General Information – Issue Programme" on page 41.*

Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 170 of this Draft Prospectus. It is clarified that the Applications not uploaded on the Stock Exchange Platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3:00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager, or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications

due to failures in any software/hardware systems or otherwise. Please note that, the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchange in accordance with the SEBI Master Circular. However, from the date of oversubscription, and thereafter, the allotments will be made to the applicants on proportionate basis.

CAPITAL STRUCTURE

1. **Details of share capital**

The share capital of our Company as on September 30, 2024 is set forth below:

Particulars	Amount in ₹
Authorised Share Capital	
5,50,00,000 Equity Shares of ₹10 each	55,00,00,000
Total Authorised Share Capital	**55,00,00,000**
Issued, subscribed and paid up share capital	
3,64,18,747 Equity Shares of ₹10 each	36,41,87,470
Total Issued, subscribed and paid up share capital	**36,41,87,470**

2. **Details of change in authorised share capital of our Company as at the last quarter ended September 30, 2024 and for the preceding three financial years preceding and the current financial year:**

There is no change in the authorised share capital of our Company as at the last quarter ended and for the last three financial years preceding the date of this Draft Prospectus.

3. **Details of Equity Share capital history of our Company in the last three financial years and current financial year is set forth below:**

Equity Share capital history of the Company for the last three financial years preceding the date of this Draft Prospectus and current financial year, is set forth below:

Date of Allotment	No. of equity shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration	Nature of Allotment	Cumulative No of equity shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
February 01, 2024	69,99,997	10	10	Cash	Rights Issue[(1)]	3,64,18,747	36,41,87,470	Nil
Total						**3,64,18,747**	**36,41,87,470**	

(1) Allotment of 25,10,458 Equity Shares to Mathew Mathaininam, 22,342 Equity Shares to Ammini Mathew, 15,47,000 Equity Shares to Reena Varghese, 25,00,119 Equity Shares to Richi Mathew, 4,20,000 Equity Shares to Asha Richi Mathew, and 78 Equity Shares to Nikitha Elizabath on right issue basis.

4. **The following table sets forth the shareholding pattern of our Company as on September 30, 2024:**

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of voting rights					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class – Equity	Total	Total as a % of (A+B+C)							
(A)	Promoter and Promoter Group	6	3,64,18,737	-	-	3,64,18,737	99.99	3,64,18,737	3,64,18,737	99.99	-	99.99	-	-	-	-	3,64,18,737
(B)	Public	1	10	-	-	10	0.01	10	10	0.01	-	0.01	-	-	-	-	10
(C)	Non-Promoter Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**7**	**3,64,18,747**	**-**	**-**	**3,64,18,747**	**100**	**3,64,18,747**	**3,64,18,747**	**100**	**-**	**100**	**-**	**-**	**-**	**-**	**3,64,18,747**

5. **Details of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing the Prospectus with RoC are as follows**:

There are no aggregate number of securities of the Issuer purchased or sold by the promoter group and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing of the Prospectus:

6. **List of top ten holders of Equity Shares of our Company as on November 30, 2024 are as follows:**

S. No.	Name of shareholder	Number of Equity Shares held	Number of Equity Shares in demat form	Total shareholding as % of total no of Equity Shares
1.	M Mathew	1,30,61,100	1,30,61,100	35.86
2.	Ammini Mathew	1,16,241	1,16,241	0.32
3.	Reena Varghese	80,48,545	80,48,545	22.10
4.	Richi Mathew	1,30,07,317	1,30,07,317	35.72
5.	Asha Richi Mathew	21,85,125	21,85,125	6.00
6.	Nikitha Elizebath	409	409	0.00
7.	Syamala Devi L	10	10	0.00
	Total	**3,64,18,747**	**3,64,18,747**	**100**

7. **List of top ten debenture holders of our Company as on November 30, 2024**

a. Unlisted privately placed secured redeemable non-convertible debentures as on November 30, 2024 are as follows:

S. No.	Name of holders	Category of holder	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Nalini Joel	Individual	9200	1000	92,00,000	3.17%
2.	Accamma Mathews	Individual	5400	1000	54,00,000	1.86%
3.	George John	Individual	5000	1000	50,00,000	1.73%
4.	Rogi John	Individual	5000	1000	50,00,000	1.73%
5.	Kuruvilla A.P	Individual	4900	1000	49,00,000	1.69%
6.	Vijayakrishnan C.K	Individual	4000	1000	40,00,000	1.38%
7.	Bindu Balakrishnan Anand	Individual	3700	1000	37,00,000	1.28%
8.	Beena Mathai	Individual	3480	1000	34,80,000	1.20%
9.	Indu Prakash	Individual	2700	1000	27,00,000	0.93%
10.	Amrish Singhania	Individual	2500	1000	25,00,000	0.86%
	Total		**45,880**		**4,58,80,000**	

b. Listed secured redeemable non-convertible debentures as on November 30, 2024 are as follows:

S. No.	Name of holders	Category of holder	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total Listed non-convertible securities outstanding
1.	Sheeba George	PUBLIC	9,500	1,000	95,00,000	0.39
2.	Aboobacker Sait A K	PUBLIC	8,324	1,000	83,24,000	0.34
3.	Jose V J	PUBLIC	6,635	1,000	66,35,000	0.27
4.	Asha Biju	PUBLIC	6,500	1,000	65,00,000	0.27
5.	Benny Wilson	PUBLIC	6,274	1,000	62,74,000	0.26
6.	Shine Kumari A K	PUBLIC	6,000	1,000	60,00,000	0.25
7.	Estheramma Raju .	PUBLIC	5,800	1,000	58,00,000	0.24

8.	Ratnam Arul Rajamani	PUBLIC	5,800	1,000	58,00,000	0.24
9.	Archana Sharan	PUBLIC	5,100	1,000	51,00,000	0.21
10.	Vaishali Subodh Sarang	PUBLIC	5,050	1,000	50,50,000	0.21
	Total		**64,983**		**6,49,83,000**	

8. **List of top ten Subordinated Debt Instrument ("SDI") holders of our Company as on November 30, 2024 are as follows:**

S. No.	Name of holders	Number of SDIs held	Face Value per SDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Sasidharan Nair S	20,561	1,000	2,05,61,000	1.04%
2.	George C.A	6,395	1,000	6395000	0.32%
3.	Faisal Rehim	5,500	1,000	55,00,000	0.28%
4.	Alexander C Isaac	5,000	1,000	50,00,000	0.25%
5.	Thomas Joseph	5,000	1,000	50,00,000	0.25%
6.	Lija Ann Mathew	4,800	1,000	48,00,000	0.24%
7.	Dr Mridula Ambwani Benjamin	4,300	1,000	43,00,000	0.22%
8.	Parma Nand Agarwal	4,258	1,000	42,58,000	0.21%
9.	Zanu Zacharias	4,174	1,000	41,74,000	0.21%
10.	Chippi Vijayan	4,000	1,000	40,00,000	0.20%
	Total	**63,988**		**6,39,88,000.00**	

9. **List of top ten Perpetual Debt Instrument ("PDI") holders of our Company as on November 30, 2024 are as follows: Nil**

10. **Details of holding of Equity Shares by our Promoters as on the date of November 30, 2024 is set out below are as follows:**

S. No.	Name of the Promoter	Number of Equity Shares held	Total shareholding as a percent of total number of Equity Shares (in %)	No. of Equity Shares pledged	Total percentage of Equity Shares pledged with respect to total number of Equity Shares held (in %)
1.	Mathew Mathaininan	1,30,61,100	35.86	NA	NA
2.	Richi Mathew	1,30,07,317	35.72	NA	NA
Total		**2,60,68,417**	**71.58**		NA

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

For details of shareholding of our Directors in the Company, please refer to "*Our Management*" on page 125.

12. **Debt - equity ratio:**

The debt equity ratio of our Company on standalone basis, prior and post to this Issue as on September 30, 2024, is as follows:

(₹in lakhs)

Particulars	As on September 31,2024	
	Pre- Issue	Post- Issue[#]
Debt		
Debt Securities	27,499.47	42,499.47
Borrowings (other than Debt Securities)	21,669.63	21,669.63
Subordinated Liabilities	22,771.15	22,771.15

Particulars	As on September 31,2024	
	Pre- Issue	Post- Issue[#]
Total Debts	**71,940.25**	**86,940.25**
Equity		
Equity Share Capital	3,641.87	3,641.87
Other Equity		
Capital Redemption Reserve	2,280.63	2,280.63
Statutory Reserve Fund	3,383.78	3,383.78
Retained Earnings	7,892.72	7,892.72
Less: Unamortized expenses of Public Issues, term loans, other prepaid expenses and deferred tax assets and Intangible Assets	(240.23)	(240.23)
Total Equity	**16,958.77**	**16,958.77**
Debt/Equity	**4.24**	**5.13**

#The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹15000 lakh from the Issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Notes:

1) *The figures disclosed above are based on unaudited financial statements of the Company for the six months ended September 30,2024*
2) *Debt / Equity Ratio= Total Debt (Borrowings) / Net worth*
3) *Impairment reserve created as per RBI requirement amounting to ₹ 311.92 lakhs created as on March 31,2024 and Other Comprehensive Income ₹(56.57) lakhs are not considered in arriving at the Net worth for the purpose of debt equity ratio computation.*

13. For details on the total outstanding debt of our Company, see "*Financial Indebtedness*" beginning on page 144.

14. **Details of any acquisition or amalgamation in the last one year**

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

15. **Details of any reorganisation or reconstruction in the last one year**

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

16. Our Company does not have any outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount or (iii) in pursuance of an option.

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

18. As on date of draft prospectus, 3,64,18,747 Equity Shares of our Company are in dematerialised form.

19. Our Company does not have any employee stock option scheme.

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

    Nil

OBJECTS OF THE ISSUE

Our Company is significantly involved in the business of gold loan and as part of our business operations, we raise/avail funds for onward lending, financing and for repayment of interest and principal of existing borrowings.

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

1. For the purpose of onward lending, financing and repayment/prepayment of principal and interest on existing borrowings; and

2. General Corporate Purposes.

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

(₹ in lakh)

S. No.	Description	Amount
1.	Gross proceeds of the Issue	Up to 15,000.00
2.	(less) Issue related expenses*	[●]
3.	Net Proceeds*	[●]

** Assuming the issue is fully subscribed and our Company retains oversubscription up to ₹ 7,500 lakh.*

Requirement of funds and Utilisation of Net Proceeds

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

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	Onward lending, financing and repayment/prepayment of principal and interest on existing borrowings	At least 75%
2.	General Corporate Purposes*	Maximum up to 25%
	Total	100%

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

For further details of our Company's outstanding indebtedness, see "*Financial Indebtedness*" on page 144.

Funding plan

Our Company confirms that for the purpose of this Issue, funding plan will not be applicable

Summary of the project appraisal report

Our Company confirms that for the purpose of this Issue, summary of the project appraisal report will not be applicable.

Schedule of implementation of the project

Our Company confirms that for the purpose of this Issue, schedule of implementation of the project will not be applicable.

Interest of Directors/Promoter

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

Issue related expenses

The expenses for this Issue include, *inter alia*, Lead Manager's fees and selling commission to the Lead Manager, Consortium Member and intermediaries as provided for in the SEBI Master Circular, fees payable to Debenture Trustee, the Registrar to the Issue, Sponsor Bank, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company. Our Company shall include the details of commission and processing fees payable to each intermediary and the timelines for payment will be made on the basis of valid invoices within such timelines mutually agreed to/ prescribed by the Company with the Designated Intermediaries/Sponsor Bank.

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

Particulars	Estimated expenses* (₹ amount in lakh)	As percentage of Issue proceeds (in%)*	As percentage of total expenses of the Issue (in%)
Lead Managers fees#	[•]	[•]	[•]
Underwriting commission#	[•]	[•]	[•]
Brokerage, selling commission and upload fees#	[•]	[•]	[•]
Fees payable to the registrar to the issue#	[•]	[•]	[•]
Others	[•]	[•]	[•]
- Fees payable to the legal counsel#	[•]	[•]	[•]
- Advertising and marketing expenses#	[•]	[•]	[•]
- Fees payable to the regulators including stock exchange and depository#	[•]	[•]	[•]
- Expenses incurred on printing and distribution of issue stationary#	[•]	[•]	[•]
- Any other fees, commission or payments under whatever nomenclature#	[•]	[•]	[•]
Total	[•]	[•]	[•]

** Assuming the Issue is fully subscribed and our Company retains oversubscription up to ₹ 7,500 lakh*
#Fees payable to such intermediaries are payable after receipt of invoice from each of such intermediaries' post closure of the Issue

Note: 1) Issue related expenses disclosed above are exclusive of GST as applicable on such expenses. Our Company shall claim input tax credit for the expenses.
2) In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 10 per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

Our Company shall pay to the Sponsor Bank ₹8 per valid block of application amount (plus applicable taxes). The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

Interim Use of Proceeds

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

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal 2024-25, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from BSE.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Draft Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Other Confirmation

In accordance with the SEBI NCS Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any entity who is a part of the promoter group and group companies.

No part of the Issue Proceeds will be paid by our Company to our Promoter, our Directors, Key Managerial Personnel, Senior Managerial Personnel or companies promoted by our Promoter except in ordinary course of business.

The NCDs shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

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

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

Further our Company undertakes that the Issue proceeds from NCDs Allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs.

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

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds

may also change.

Benefit / interest accruing to our Promoters/Directors out of the object of the Issue

Neither our Promoter nor our Directors of our Company are interested in the Objects of this Issue.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013;

(b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Company's balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property; and

(e) Details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilised monies have been invested.

STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors
Muthoot Mercantile Limited
1st Floor, North Block,
Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram 695 014,
Kerala, India

And

To
Vivro Financial Services Private Limited
Vivro House 11, Shashi Colony,
Opposite Suvidha Shopping
Center, Paldi, Ahmedabad – 380 007,
Gujarat, India
("Lead Manager" or "LM")

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture of face value of ₹1,000 each ("NCDs") amounting up to ₹7,500 lakhs ("Base Issue"), with an option to retain over-subscription up to ₹7,500 lakhs, aggregating up to ₹15,000 lakhs ("Issue") of Muthoot Mercantile Limited ("Company" or "Issuer")

1. This certificate is issued in accordance with the terms of our engagement letter dated December 02,2024.

2. The accompanying note prepared by the Company, discusses the special tax provisions applicable to the Potential Debenture holders ("**Debenture Holders**") subscribing in the NCDs of the Company in Annexure A (hereinafter referred to as "**Statement of Possible Tax Benefits/Statement**"), under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2024 (hereinafter referred to as the "**IT Act**") in connection with the offering.

Management's Responsibility

3. The preparation of this Statement as of the date of our certificate which is to be included in the Draft Prospectus and Prospectus (the "**Offer Document**") is the responsibility of the management of the Company.

4. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Our Responsibility

5. Our responsibility is to examine whether the Statement prepared by the Company, in all material respects, is in accordance with applicable provision of the IT Act. For this purpose, we have read the statement of possible tax benefits as given in Annexure I, and evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect.

6. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information. The benefits discussed in the enclosed Annexure I are not exhaustive. Several of these benefits are dependent on the Investors fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of Investors to derive the tax benefits is dependent on fulfilling such conditions.

7. The statement is only intended to provide general information and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation. Neither are we suggesting nor advising the investor to invest money based on this statement.

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

i) Debenture holders of the Company will continue to obtain these benefits in future;

ii) the conditions prescribed for availing the benefits have been/would be met with; and

iii) the revenue authorities/Courts will concur with the views expressed herein.

9. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein.

10. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

Opinion

11. In our opinion, the Statement of Possible Tax Benefits prepared by the Company asset out in Annexure I materially covers all tax benefits available as at the date of our report to Debenture Holders, in accordance with provisions of the IT Act as amended.

Restriction on Use

12. We hereby consent to inclusion of the extracts of this certificate in the Draft Prospectus and, Prospectus and/or any other document in relation to the Issue, and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For Varma & Varma
Chartered Accountants
Firm Registration No: 004532S

Rajeev R
Partner
Membership No: 211277
UDIN: 24211277BKDGIZ4052
Date : December 13,2024
Place: Thiruvananthapuram

Cc:
Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India

Annexure A

Statement of Possible Tax Benefits

To,
The Board of Directors
Muthoot Mercantile Limited
1st Floor, North Block,
Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram 695 014,
Kerala, India

And

To
Vivro Financial Services Private Limited
Vivro House 11, Shashi Colony,
Opposite Suvidha Shopping
Center, Paldi, Ahmedabad – 380 007,
Gujarat, India
("Lead Manager" or "LM")

Sub: Statement of Possible Tax benefits available to the debenture holder in connection with the Proposed Public Offering of Secured Redeemable Non-Convertible Debenture of face value of ₹1,000 each ("NCDs") amounting up to ₹7,500 lakhs ("Base Issue"), with an option to retain over-subscription up to ₹7,500 lakhs, aggregating up to ₹15,000 lakhs ("Issue") of Muthoot Mercantile Limited ("Company" or "Issuer")

1. We, **M/s Varma & Varma**, Chartered Accountants, hereby confirm that the accompanying statement of possible tax benefits available to the debenture holder(s) (**Annexure-1**) states the possible tax benefits available to the debenture holders of the Company under the Income-tax Act, 1961 (the "**IT Act**"), as amended by the Finance Act, 2024, i.e. applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26 respectively, presently in force in India (hereinafter referred to as the "Indian Income Tax Regulations") for the purpose of inclusion in the Offer document, in connection with the Issue, has been prepared by the management of the Company, which we have initiated for identification purposes. We are informed that such debentures raised in the Issue will be listed on BSE Limited ("**Stock Exchange**") and the Statement has been prepared by the Company's management on such basis.
2. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling of such conditions which, debenture holders may or may not choose to fulfil.

3. The benefits discussed in the enclosed **Annexure I** are not exhaustive. The statement is only intended to provide general information and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation.

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

(i) Debenture holders of the Company will continue to obtain these benefits in future;

(ii) the conditions prescribed for availing the benefits have been/would be met with; and

(iii) the revenue authorities/Courts will concur with the views expressed herein.

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

6. This Statement has been issued at the request of the Company for use in connection with the Issue and may accordingly be furnished as required to SEBI, BSE Limited or any other regulatory authorities, as required, and shared with and relied on as necessary by the Company's advisors and intermediaries duly appointed in this regard.

For Varma & Varma
Chartered Accountants
Firm Registration No:004532S

Rajeev R
Partner
Membership No:211277
UDIN: 24211277BKDGIZ4052
Date : December 13,2024
Place: Thiruvananthapuram

Cc:

Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India

Annexure I

STATEMENT OF POSSIBLE TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 ("IT ACT") AVAILABLE TO THE DEBENTURE HOLDERS UNDER THE APPLICABLE INCOME-TAX LAWS IN INDIA.

The following tax benefits will be available to the debenture holders of the Company ("**Debenture Holders**") as per the existing provisions of law. The tax benefits are given as per the prevailing tax laws under the provisions of the IT Act, as on date, taking into account the amendments made by the Finance Act, 2024, and may vary from time to time in accordance with amendments to the law or enactments thereto. The Debenture Holders are advised to consider the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible.

IMPLICATIONS UNDER THE IT ACT

I. TO THE RESIDENT DEBENTURE HOLDER ("RESIDENT" AS DEFINED UNDER SECTION 6 OF THE IT ACT)

A. <u>In Respect of Interest on Debentures (NCDs)</u>

1. Interest on NCD received by Debenture Holders would be subject to income tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act. Interest will be assessed to Income tax on receipt basis or mercantile basis (accrual basis) depending on the method of accounting regularly employed by the NCD holders under Section 145 of the IT Act.

2. Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest is paid by a company in which the public is substantially interested if the amount of interest paid to such person does not exceed five thousand rupees in a financial year and interest is paid by way of account payee cheque).
   Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

   a) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest;

   b) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL; and

d) In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. Please find below the class of resident investors and respective documents that would be required for granting TDS exemption:

Sr No.	**Class of Investors**	**Relevant Section which grants TDS exemption**	**Documents to be taken on record from Investors**
1	Resident Individual or resident HUF	Claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act,	Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (iii) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.
2	Life insurance Corporation of India	Clause vi of Proviso to Section 193	Copy of Registration certificate
3	a. General Insurance Corporation of India, b. 4 companies formed under section 16(1) of General Insurance Business Act, 1972 and c. any company in which GIC and aforesaid 4 companies has full beneficial interest (100% shareholding)	Clause vii of Proviso to Section 193	a. Copy of Registration certificate b. Copy of Registration certificate c. Copy of shareholding pattern
4	Any other Insurer	Clause viii of Proviso to Section 193	Copy of Registration certificate issued by IRDA
5	Mutual Funds	Section 196(iv) read with Section 10(23D)	Copy of Registration certificate issued by SEBI / RBI and notification issued by Central Government
6	Government, RBI and corporation established under Central / State Act whose income is exempt from tax	Section 196(i),(ii) and (iii)	In case of Corporation, Declaration that their income is exempt from tax with applicable provisions
7	Recognized Provident Funds, Recognized Gratuity Funds, Approved Superannuation Funds,	Section 10(25) and 10(25A) and CBDT Circular - 18/2017	Copy of Registration and Recognition certificate issued by relevant statutory authorities and income-tax authorities and

Sr No.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors
	Employees' State Insurance Fund etc.		Declaration from the funds that their income is exempt u/s 10(25) and 10(25A)
8	New Pension System Trust	Section 10(44) read with Section 196(iii) and CBDT Circular - 18/2017	Relevant Registration certificate issued to NPS Trust under section Indian Trusts Act, 1882
9	Other entities like Local authority, Regimental Funds, IRDA etc.	Section 10(20) etc. read with CBDT Circular - 18/2017	Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on their income
10	Alternative Investment Funds (Category I and II)	Section 197A(1F)	Copy of Registration certificate issued by SEBI

B. <u>In respect of Capital Gains</u>

1. Long Term Capital Gain

2.

Under Section 2(29AA) read with section 2(42A) of the IT Act, listed Debentures held as Capital Asset as defined under section 2(14) of the IT Act is treated as long term capital asset if it is held for more than 12 Months. Debentures held as capital asset for a period of 12 Months or less will be treated as short term capital asset.

As per Section 112 of the IT Act, Capital Gains arising on transfer of long term capital assets being listed debentures are subject to tax at the rate of 12.5% (plus applicable surcharge and health education cess) on the capital gains calculated without indexing the cost of acquisition.

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

3. Short Term Capital Gains

Listed Debentures held as capital asset under Section 2(14) of the IT Act for a period of not more than 12 months would be treated as Short term capital asset under Section 2(42A) of the IT Act. Short Term Capital Gains on transfer of NCD will be taxed at the normal rates of tax in accordance with the provisions of the IT Act. The provisions relating to maximum amount not chargeable to tax would apply to short term capital gains.

4. Capital Loss on transfer of Debentures.

As per Section 74 of the IT Act, short-term capital loss on transfer of debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. Exemption available for Individuals and HUF for Long Term Capital gains of the IT Act.

As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long term capital asset(not being a residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a

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

Under section 54EE of the IT Act, long term capital gains arising to the Debenture Holder(s) on transfer of debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in long term specified asset (a unit or units issued before 01.04.2019) as notified by Central Government within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of ₹50 lakhs during any financial year in the notified bonds. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken.
Where the benefit of Section 54EE of the IT Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

C. **In respect of Business Income**

In case the Debentures are held as stock in trade by the debenture holder, the income/loss from transfer of debentures would be taxed as Income from Business. Such income is to be computed in accordance with the Income Computation and Disclosure Standard VIII, which is notified by the Ministry of Finance, Government of India under Section 145(2) of the IT Act. Where debentures are held as stock in trade and unpaid interest has accrued before acquisition of Debentures and is included in the price paid for the Debentures, subsequent receipt of interest is to be allocated between pre-acquisition and post-acquisition periods, the pre-acquisition portion of the interest is reduced from the actual cost and is to be treated as interest. In the case of Debentures held by Scheduled Bank and Public Financial Institutions, income is to be recognized in accordance with the guidelines issued by the Reserve Bank of India in this regard.

D. Debentures received as gift without consideration or inadequate consideration.

As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds ₹50,000/- the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.

II. TO THE NON-RESIDENT DEBENTURE HOLDER.

A Non – Resident Indian has an option to be governed by Chapter XII – A of the IT Act, subject to the provisions contained therein which are given in brief as under:

a) As per Section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas long term capital gains on transfer of such Debentures will be taxable at 12.5% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

b) As per Section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the IT Act, if his total income consists only of investment income as defined under Section 115C and/or long term capital gains earned on transfer of such investment

acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII- B of the IT Act in accordance with and subject to the provisions contained therein.

c) As per Section 115D (1) of the IT Act no deduction in respect of any expenditure or allowance shall be allowed under any provisions of the IT Act in the computation of income of a non-resident Indian under Chapter XII – A of the IT Act.

d) In accordance with and subject to the provisions of Section 115-I of the IT Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII – A of the IT Act. In such a case, long term capital gains on transfer of listed debentures would be subject to tax at the rate of 12.5% computed without indexation of cost of acquisition.

e) Interest income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the IT Act.

f) Where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the IT Act.

g) Under Section 195 of the IT Act, the applicable rate of tax deduction at source is 20% on investment income and 12.5% on any long-term capital gains as per Section 115E, and 30% for Short Term Capital Gains if the payee debenture Holder is a Non Resident Indian.

h) The income tax deducted shall be increased by applicable surcharge and health and education cess. As per Section 74 of the IT Act, short-term capital loss on transfer of debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

i) As per Section 90(2) of the IT Act read with the Circular No. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate (TRC), is a mandatory condition for availing benefits under any DTAA. If the tax residency certificate does not contain the prescribed particulars as per CBDT Notification 57/2013 dated August 1, 2013, a self-declaration in Form 10F would need to be provided by the assessee along with TRC.

j) Alternatively, to avail non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under Section 195(2) and 195(3) of the IT Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.

k) In case the Debentures are held as stock in trade by the debenture holder, the income/loss from transfer of debentures would be taxed as Income from Business. Such income is to be computed in accordance with the Income Computation and Disclosure Standard VIII which is notified by the Ministry of Finance, Government of India under Section 145(2) of the IT Act. Where debentures are held as stock in trade and unpaid interest has accrued before acquisition of Debentures and is included in the price paid for the Debentures, subsequent receipt of interest is to be allocated between pre-acquisition and post-acquisition periods, the pre-acquisition portion of the interest is reduced from the actual cost and is to be treated as interest. In the case of Debentures held by Scheduled Bank, income is to be recognized in accordance with the guidelines issued by the Reserve Bank of India in this regard.

l) As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this

clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000/- the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.

m) As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long term capital asset(not being a residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house in India, or for construction of residential house in India within three years from the date of transfer subject to conditions. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the conditions stated therein

III. TO THE FOREIGN INSTITUTIONAL INVESTORS/ FOREIGN PORTFOLIO INVESTORS (FIIs/ FPIs)

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

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

3. Interest on NCD may be eligible for concessional tax rate of 5% (plus applicable surcharge and health and education cess) for interest referred under Section 194LD.

4. Further, in case where section 194LD is not applicable, the interest income earned by FIIs/FPIs should be chargeable to tax at the rate of 20% under section 115AD of the IT Act. Tax shall be deducted u/s. 196D of the IT Act on such income 141 at 20%. Where DTAA is applicable to the payee, the rate of tax deduction shall be lower of rate as per DTAA or 20%, subject to the conditions prescribed therein.

5. Section 194LD in the IT Act provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian Company to FIIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian Company between June 1, 2013 and July 1, 2023 provided such rate does not exceed the rate as may be notified by the Government.

6. The income tax deducted shall be increased by applicable surcharge and health and education cess.

7. In accordance with and subject to the provisions of Section 196D(2) of the IT Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs referred to in section 115AD.

8. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the IT Act.

IV. TO MUTUAL FUNDS

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10 (23D) of the IT Act in accordance with the provisions contained therein. Further, as per the

provisions of section 196 of the IT Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the IT Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

V. TO SPECIFIED FUNDS ("SPECIFIED FUND" AS DEFINED UNDER SECTION 10(4D) OF THE IT ACT)

The income of Specified Funds is taxable for the year beginning April 1, 2020, to the extent attributable to units held by non-resident (not being a permanent establishment of a non-resident in India), and in accordance with and subject to the provisions of Section 115AD of the IT Act, as under:

a) The interest income earned are chargeable to tax at the rate of 10%;

b) long term capital gains on transfer of debentures to the specified extent are taxable at 10% (benefit of provisions of the first proviso of section 48 of the IT Act will not apply); and

c) Short-term capital gains are taxable at 30%.

Further, where any income in respect of NCD is payable to Specified Funds, tax shall be deducted at the rate of 10% on the income other than exempt under section 10(4D) with effect from November 1, 2020 as per Section 196D of the IT Act.

The income tax deducted shall be increased by applicable surcharge and health and education cess.

VI. REQUIREMENTS TO FURNISH PAN/FILING OF RETURNS UNDER THE IT ACT

1. SEC. 139A (5A):

Section 139A (5A) requires every person from whom income tax has been deducted at source under chapter XVII – B of the IT Act to furnish his PAN to the person responsible for deduction of tax at source.

2. **SEC. 206AA**:

a) Section 206AA of the IT Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

(i) at the rate specified in the relevant provision of the IT Act; or
(ii) at the rate or rates in force; or
(iii) at the rate of twenty per cent.

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

c) Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply.

d) As per Rule 37BC, the higher rate under section 206AA shall not apply to a non resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).

3. SEC. 206AB

Further, the Finance Act, 2021 inserted new section for punitive withholding tax rate for non-filers of return of income with effect from July 01, 2021 as per which payments made to the specified persons will be subject to TDS at higher of twice the applicable rate or 5% in respect of all TDS/TCS provisions except for specific exclusions.

NOTES FORMING PART OF STATEMENT OF TAX BENEFITS

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debenture/bonds.

2. The above statement covers only certain relevant benefits under the IT Act and does not cover benefits under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2025-2026 (Financial year 2024-25) and taking into account the amendments made by the Finance Act, 2024.

4. This statement is intended only to provide general information to the Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each debenture Holder is advised to consult his/her/its own tax advisor with respect to specific consequences of his/her/its holding in the debentures of the Company.

5. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to Chapter X and Chapter XA of the IT Act.

6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.

8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law.

9. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV – ABOUT OUR COMPANY AND THE INDUSTRY

INDUSTRY OVERVIEW

*Unless otherwise indicated, all of the information and statics disclosed in this section are extracted from an industry report titled "Gold Loan Industry in India" dated November 27, 2024, prepared and issued by Fitch Solutions India Advisory Private Limited (**"Fitch Report"**). For details of risks in relation to Fitch Report and other publications, see "Risk Factors" contained in this Draft Prospectus on page 16.*

Unless otherwise indicated, all industry and other related information derived from Fitch Report. The information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, our Promoters, the Lead Manager or any of our or their respective advisors.

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

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the Fitch Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

Overview of Global Economy

Global growth is expected to remain stable yet modest, projected at 3.2% for 2024 and 2025. Over the past four years, the global economy has faced significant challenges, including a pandemic, geopolitical conflicts, and extreme weather events, which have disrupted supply chains and triggered energy and food crises. Despite these disruptions and a synchronized tightening of monetary policy, the global economy has shown unusual resilience, avoiding a recession. However, this resilience hides uneven performance across regions and ongoing vulnerabilities, with low-income developing countries experiencing notable downside growth revisions due to increased conflicts.

Few Global macro trends as per the IMF World Economic Outlook (WEO) Oct 2024 report are as follows:

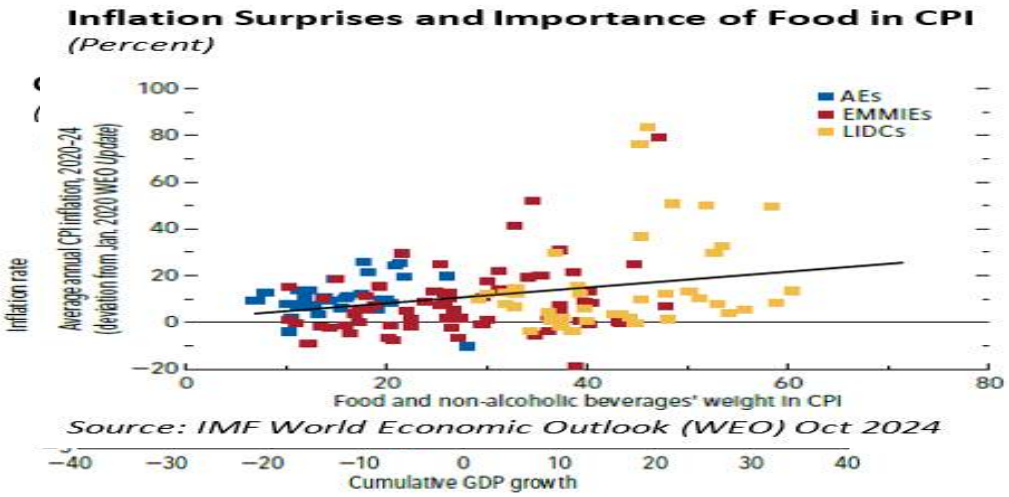
The global battle against inflation has largely succeeded, despite some countries still facing persistent price pressures. After peaking at 9.4% year-over-year in the third quarter of 2022, headline inflation rates are projected to decrease to 3.5% by the end of 2025, below the 3.6% average from 2000 to 2019. While this reduction marks a significant achievement, rising downside risks now dominate the outlook. These risks include escalating regional conflicts, prolonged tight monetary policy, potential financial market volatility affecting sovereign debt markets, a deeper economic slowdown in China, and increasing protectionist policies.

The surge and subsequent decline in global inflation can be attributed to a unique combination of shocks: widespread supply disruptions and strong demand pressures after the pandemic, along with sharp spikes in commodity prices due to the war in Ukraine. As supply disruptions eased and monetary policy tightening curbed demand, labor market normalization allowed inflation to decrease rapidly without major economic slowdowns. Much of this disinflation resulted from the unwinding of these shocks and improvements in labor supply, often linked to immigration.

Uncertainty Seeping through as Policies Shift

The past four years have tested the resilience of the global economy with a pandemic, geopolitical conflicts, and extreme weather events disrupting supply chains and causing crises in energy and food. Governments took unprecedented actions to protect lives and livelihoods, and while the global economy has shown overall resilience, performance has been uneven across regions. Advanced economies have largely recovered to pre-pandemic levels of activity and inflation, but developing economies continue to experience significant output shortfalls and persistent inflation. Although cyclical imbalances are gradually easing and aligning economic activity with potential output, the momentum in global disinflation has slowed, with high services price inflation reflecting rapid wage increases. Central banks have delayed policy easing, pressuring public finances, particularly in high-debt countries. The global outlook will hinge on fiscal and monetary policy decisions, international spillovers, geoeconomic fragmentation, and structural reforms. As inflation nears central bank targets, the policy focus is expected to shift from monetary to fiscal tightening. High uncertainty surrounds the outlook, with potential shifts in trade and fiscal policy from newly elected governments and renewed financial market volatility. Further geopolitical tensions could impact trade, investment, and supply chains, creating challenges for central banks. Conversely, successful structural reforms could boost growth and enhance fiscal sustainability and financial stability.

Steady Disinflation, yet Bumps in the Road Still Possible

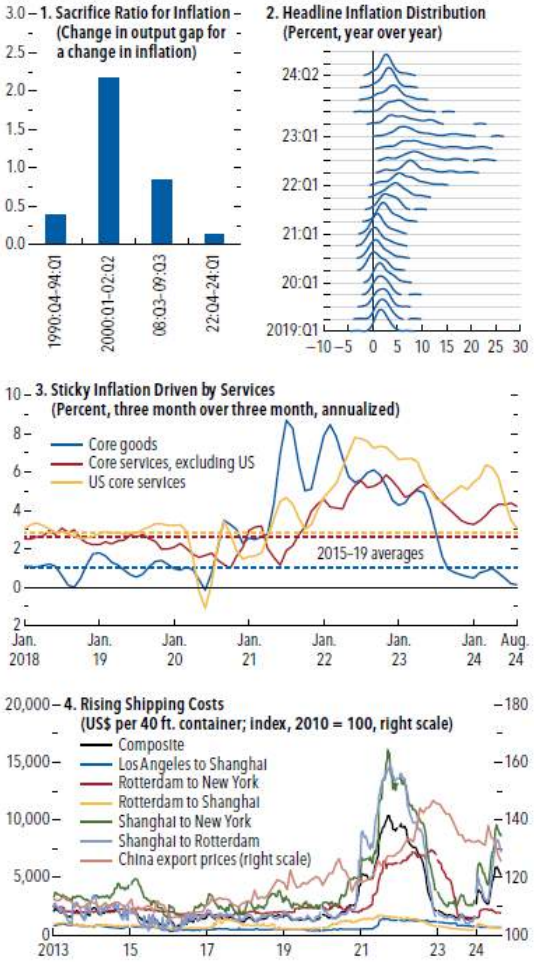


Source: IMF World Economic Outlook (WEO) Oct 2024

In many advanced economies, disinflation has been achieved with relatively low employment costs, partly due to favorable supply developments. These included a faster-than-anticipated decline in energy prices and a surprising rebound in labor supply, aided by substantial immigration flows that helped cool labor markets. Temporary sectoral bottlenecks during and after the pandemic also led to a steepening of the Phillips curve, resulting in a smaller sacrifice ratio (the amount of economic slack needed to reduce inflation).

Since the start of 2024, the gradual resolution of cyclical imbalances has helped to align inflation rates across countries. Disinflation has generally proceeded as expected but showed signs of slowing in the first half of the year, indicating potential challenges ahead for achieving price stability. Core inflation persistence has been mainly driven by services price inflation, which stands at 4.2%, about 50% higher than pre-pandemic levels in major advanced and emerging market economies (excluding the US). In contrast, core goods price inflation has fallen to zero. Recent increases in shipping rates, particularly for routes involving China, have exerted upward pressure on goods prices, although this has been mitigated by declining export prices from China.

Recent Inflation Development



Source: IMF World Economic Outlook (WEO) Oct 2024

The outlook: Stable yet Underwhelming — Brace for Uncertain Times

Since the April 2024 World Economic Outlook, the global growth outlook has seen little change. After the post-pandemic rebound, global GDP growth has been projected to hover around 3% in both the short and medium term. This weak growth extends beyond the disinflation period, indicating a lasting impact on potential growth.

Given the exceptional policy uncertainty associated with newly elected governments in 2024 (in 64 countries representing about half of the global population), the baseline projection includes two alternative scenarios. These scenarios explore the main implications for growth and inflation due to shifts in trade and fiscal policy. Though illustrative, these scenarios are quantitatively plausible alternatives to the baseline outlook.

- **Commodity price assumptions:** Oil prices are expected to rise by 0.9% in 2024 to about USD 81 a barrel as production cuts by OPEC+ (Organization of the Petroleum Exporting Countries plus selected nonmember countries, including Russia), sustained global oil demand growth, and geopolitical tensions in the Middle East offset strong non-OPEC+ supply growth. Overall, however, prices for fuel commodities are projected to fall on average by 3.8% — owing to declines in prices of natural gas (by 16.4%) and coal (by 18.0%) as they come off their 2022 peaks—but less rapidly than assumed in April. Food prices are expected to decline by 5.2% in 2024 and by a further 4.5% percent in 2025 as global grain production is forecast to reach record highs in 2024–25.

- **Monetary policy assumptions:** Compared with that in April 2024, the anticipated trajectory of policy rates for major central banks in advanced economies has shifted. In the euro area, 100 basis points of cuts are expected in 2024 and 50 basis points in 2025, bringing the policy rate to 2.5% by June 2025. In the United States, the Federal Reserve pivoted to cutting rates in September, starting with a 50-basis point drop. The federal funds rate is projected to reach its long-term equilibrium of 2.9% in the third quarter of 2026, almost a year earlier than what was expected in April. In Japan, however, policy rate projections have been revised upward (since the April 2024 World Economic Outlook), reflecting the Bank of Japan's rate hike in July. The policy rate is projected to continue to rise gradually over the medium term toward a neutral setting of about 1.5%, consistent with keeping inflation and inflation expectations anchored at the Bank of Japan's 2% target.

- **Fiscal policy projections:** Governments in advanced economies are on average expected to tighten their fiscal policy stances in both 2024 and 2025, halving primary deficits by 2029. However, contrasts between the euro area and the United States are important. In the baseline, the US fiscal deficit is only marginally trimmed down, remaining at about 6.1% in 2029, with about half of this reflecting interest rate expenses. Under current policies, the US public debt is not stabilized, reaching almost 134% of GDP in 2029. In the euro area, on the other hand, the debt-to-GDP ratio is expected to have stabilized already at about 88% in

2024, although with some cross-country differences. Large contrasts are apparent in the emerging market and developing economies country group as well. Whereas fiscal stances are expected to remain relatively loose on average in emerging markets, fiscal consolidation is ongoing among developing economies. Over the past few years, many low-income countries have either lost market access or been forced to drastically scale back deficits because higher interest rates have pushed up borrowing costs. Forced consolidation is expected to bring down their debt-to-GDP ratios to 47.4% in 2029 from 54.8% in 2024, a reduction of about 1.5% of GDP every year.

Growth outlook: Major Economies Draw Closer Together

Following a reopening rebound in 2022, growth in advanced economies markedly slowed in 2023 and is projected to remain steady, oscillating between 1.7% and 1.8% until 2029. This apparent stability conceals differing country dynamics as various cyclical forces unwind and economic activity gets back in line with potential. In the United States, growth is expected to decelerate, with output reaching potential from above by 2029. In the United Kingdom and the euro area, on the other hand, activity is projected to accelerate, closing the output gap from below. In Japan, where the output gap is already closed, GDP is expected to grow in line with potential.

- In the ***United States***, projected growth for 2024 has been revised upward to 2.8%, which is 0.2 percentage point higher than the July forecast, on account of stronger outturns in consumption and nonresidential investment. The resilience of consumption is largely the result of robust increases in real wages (especially among lower-income households) and wealth effects. Growth is anticipated to slow to 2.2% in 2025 as fiscal policy is gradually tightened and a cooling labor market slows consumption. With GDP growth lower than potential, the output gap is expected to start closing in 2025.

- In the ***euro area***, growth seems to have reached its lowest point in 2023. A touch weaker than projected in April and July 2024, GDP growth is expected to pick up to a modest 0.8% in 2024 as a result of better export performance, in particular of goods. In 2025, growth is projected to rise further to 1.2%, helped by stronger domestic demand. Rising real wages are expected to boost consumption, and a gradual loosening of monetary policy is expected to support investment. Persistent weakness in manufacturing weighs on growth for countries such as ***Germany*** and ***Italy***. However, whereas Italy's domestic demand is expected to benefit from the European Union–financed National Recovery and Resilience Plan, Germany is experiencing strain from fiscal consolidation and a sharp decline in real estate prices.

- Offsetting dynamics are also at play among other advanced economies. Growth is expected to decelerate in ***Japan*** in 2024, with the slowdown reflecting temporary supply disruptions and fading of one-off factors that boosted activity in 2023, such as the surge in tourism. With respect to April, growth is revised downward, by 0.6 percentage point, to 0.3% for 2024, reflecting a temporary supply disruption in the car industry and the base effect of historical data revisions. An acceleration to 1.1 is predicted in 2025, with growth boosted by private consumption as real wage growth strengthens. In the ***United Kingdom***, in contrast, growth is projected to have accelerated to 1.1% in 2024 and is expected to continue doing so to 1.5% in 2025 as falling inflation and interest rates stimulate domestic demand.

Growth Outlook: Emerging Markets Get Support from Asia

In a manner similar to that for advanced economies, the growth outlook for emerging market and developing economies is remarkably stable for the next two years, hovering at about 4.2% and steadying at 3.9% by 2029. And just as in advanced economies, offsetting dynamics are occurring between country groups. Compared with that in April, growth in emerging market and developing economies is revised upward by 0.1 percentage point for 2024, reflecting upgrades for Asia (China and India) that more than offset downgrades for sub-Saharan Africa and for the Middle East and Central Asia.

- ***Emerging Asia***'s strong growth is expected to subside, from 5.7% in 2023 to 5.0% in 2025. This reflects a sustained slowdown in the region's two largest countries. In ***India***, the outlook is for GDP growth to moderate from 8.2% in 2023 to 7% in 2024 and 6.5% in 2025, because pent-up demand accumulated during the pandemic has been exhausted, as the economy reconnects with its potential. In ***China***, the slowdown is projected to be more gradual. Despite persisting weakness in the real estate sector and low consumer confidence, growth is projected to have slowed only marginally to 4.8% in 2024, largely thanks to better-than-expected net exports. Compared with that in April, the forecast has been revised upward by 0.2 percentage point in 2024 and 0.4 percentage point in 2025. Recent policy measures may provide upside risk to near-term growth.

- In contrast, growth in the ***Middle East and Central Asia*** is projected to pick up from an estimated 2.1% in 2023 to 3.9% in 2025, as the effect on the region of temporary disruptions to oil production and shipping are assumed to fade away. Compared with that in April, the projection has been revised downward by 0.4 percentage point for 2024, mainly the result of the extension of oil production cuts in ***Saudi Arabia*** and ongoing conflict in ***Sudan*** taking a large toll.

- In ***sub-Saharan Africa***, GDP growth is similarly projected to increase, from an estimated 3.6% in 2023 to 4.2% in 2025, as the adverse impacts of prior weather shocks abate, and supply constraints gradually ease. Compared with that in April, the regional forecast is revised downward by 0.2 percentage point for 2024 and upward by 0.1 percentage point for 2025. Besides the ongoing conflict that has led to a 26% contraction of the ***South Sudanese*** economy, the revision reflects slower growth in ***Nigeria***, amid weaker-than-expected activity in the first half of the year.

- In ***Latin America and the Caribbean***, growth is projected to decline from 2.2% in 2023 to 2.1% in 2024 before rebounding to 2.5% in 2025. In ***Brazil***, growth is projected at 3.0% in 2024 and 2.2% in 2025. This is an upward revision of 0.9 percentage point for 2024, compared with July 2024 World Economic Outlook Update projections, owing to stronger private consumption and investment in the first half of the year from a tight labor market, government transfers, and smaller-than-anticipated disruptions from floods. However, with the still-restrictive monetary policy and the expected cooling of the labor market, growth is expected to moderate in 2025. In ***Mexico***, growth is projected at 1.5% in 2024, reflecting weakening domestic demand on the back of monetary policy tightening, before slowing further to 1.3% in 2025 on a tighter fiscal stance. Overall, offsetting revisions leave the regional growth forecast broadly unchanged since April.

- Growth in ***emerging and developing Europe*** is projected to remain steady at 3.2% in 2024 but to ease significantly to 2.2% in 2025. The moderation reflects a sharp slowdown in ***Russia*** from 3.6% in 2023 to 1.3% in 2025 as private consumption and investment slow amid reduced tightness in the labor market and slower wage growth. In ***Türkiye***, growth is expected to slow from 5.1% in 2023 to 2.7% in 2025, with the slowdown driven by the shift to monetary and fiscal policy tightening since mid-2023.

Overview of the World Economic Outlook Projections (% change)

Name of the Country/ Economy	Actuals	Projections	
	2023	2024	2025
World Output	**3.3**	**3.2**	**3.2**
Advanced Economies	**1.7**	**1.8**	**1.8**
United States	2.9	2.8	2.2
Euro Area	0.4	0.8	1.2
Japan	1.7	0.3	1.1
United Kingdom	0.3	1.1	1.5
Canada	1.2	1.3	2.4
Other Advanced Economies[1]	1.8	2.1	2.2
Emerging Market and Developing Economies			
Emerging and Developing Asia	5.7	5.3	5.0
China	5.2	4.8	4.5
India[2]	8.2	7.0	6.5
Emerging and Developing Europe	3.3	3.2	2.2
Russia	3.6	3.6	1.3
Latin America and the Caribbean	2.2	2.1	2.5
Brazil	2.9	3.0	2.2
Mexico	3.2	1.5	1.3
Middle East and Central Asia	2.1	2.4	3.9
Saudi Arabia	(0.8)	1.5	4.6
Sub-Saharan Africa	3.6	3.6	4.2
Nigeria	2.9	2.9	3.2
South Africa	0.7	1.1	1.5
World Trade Volume (goods and services)			
Imports			
Advanced Economies	(0.7)	2.1	2.4
Emerging Market and Developing Economies	3.0	4.6	4.9
Exports			
Advanced Economies	1.0	2.5	2.7
Emerging Market and Developing Economies	0.6	4.6	4.6
Commodity Prices (US dollars)			
Oil[3]	(16.4)	0.9	(10.4)
Non-fuel	(5.7)	2.9	(0.2)
World Consumer Prices[4]	**6.7**	**5.8**	**4.3**
Advanced Economies[5]	4.6	2.6	2.0
Emerging Market and Developing Economies[4]	8.1	7.9	5.9

Source: *IMF World Economic Outlook, Oct 2024*

Note: *1. Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries*

2. For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year

3. Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was USD80.59 in 2023; the assumed price, based on futures markets, is USD81.29 in 2024 and USD72.84 in 2025.

4. Excludes Venezuela

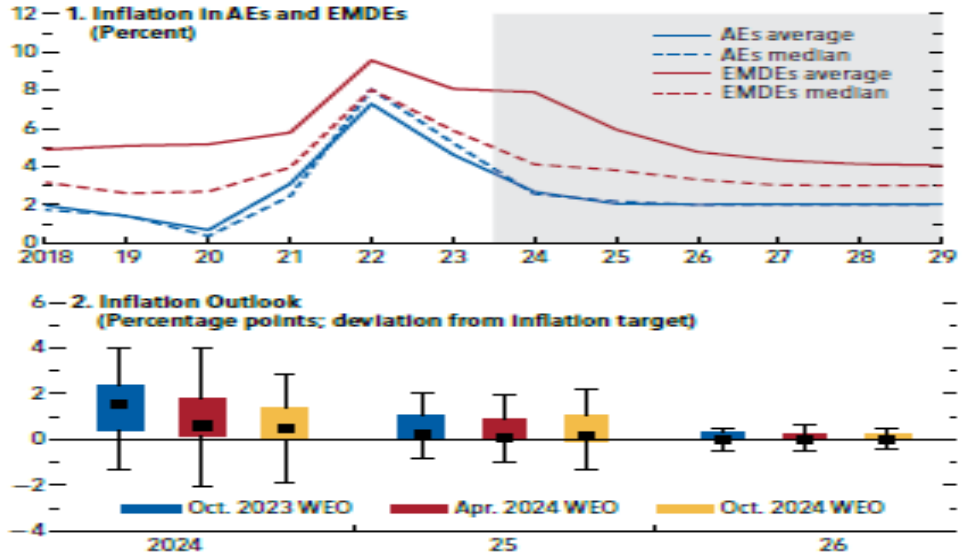
5. The assumed inflation rates for 2024 and 2025, respectively, are as follows: 2.4% and 2.0% for the euro area, 2.2% and 2.0% for Japan, and 3.0% and 1.9% for the United States

Inflation Outlook: Gradual Decline to Target

Although bumps on the path to price stability are still possible, global headline inflation is projected to decrease further, from an average of 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025 in the baseline. Disinflation is expected to be faster in advanced economies—with a decline of 2 percentage points from 2023 to 2024 and a stabilization at about 2% in 2025—than in emerging market and developing economies, in which inflation is projected to decline from 8.1% in 2023 to 7.9% in 2024 and then fall at a faster pace in 2025 to 5.9%.

There is a great deal of variation across emerging market economies, however, which is evident in the difference between median and average inflation. Inflation in emerging Asia is projected to be on par with that in advanced economies, at 2.1% in 2024 and 2.7% in 2025, in part thanks to early monetary tightening and price controls in many countries in the region. In contrast, inflation forecasts for emerging and developing Europe, the Middle East and North Africa, and sub-Saharan Africa remain in double-digit territory on account of large outliers amid pass-through of past currency depreciation and administrative price adjustment (Egypt) and underperformance in agriculture (Ethiopia). For most countries in Latin America and the Caribbean, inflation rates have dropped significantly from their peaks and continue to be on a downward trend. However, large countries in the region have experienced upward revisions since the April 2024 World Economic Outlook that reflect a mix of (1) robust wage growth preventing faster disinflation in the services sector (Brazil, Mexico), (2) weather events (Colombia), and (3) hikes in regulated electricity tariffs (Chile).

Inflation Outlook



Source: IMF World Economic Outlook (WEO), Oct 2024

The decline in global inflation in 2024 and 2025 reflects a broad-based decrease in core inflation, unlike the situation in 2023, when headline inflation fell mainly because of lower fuel prices. Core inflation is expected to drop by 1.3 percentage points in 2024, following a 0.1 percentage point decrease in 2023, with advanced economies leading this decline. Factors contributing to lower core inflation include the delayed effect of tight monetary policies as well as diminishing pass-through effects from earlier declines in prices, especially in those for energy.

Overall, returning inflation to target is expected to take until 2025 in most cases. Although the pace of disinflation for the median economy has been faster than expected in October 2023, the dispersion across economies is now expected to be larger. Comparison of official inflation targets with the latest forecasts for a representative group of inflation-targeting advanced and emerging market economies suggests that annual average inflation will exceed targets (or the midpoints of target ranges) in more than three-quarters of these economies in 2025. But a great deal of this reflects annual carryover effects from 2024. Inflation is expected to decline steadily on a sequential basis, and by the end of 2025, most economies are expected to be either at target or within a stone’s throw of it.

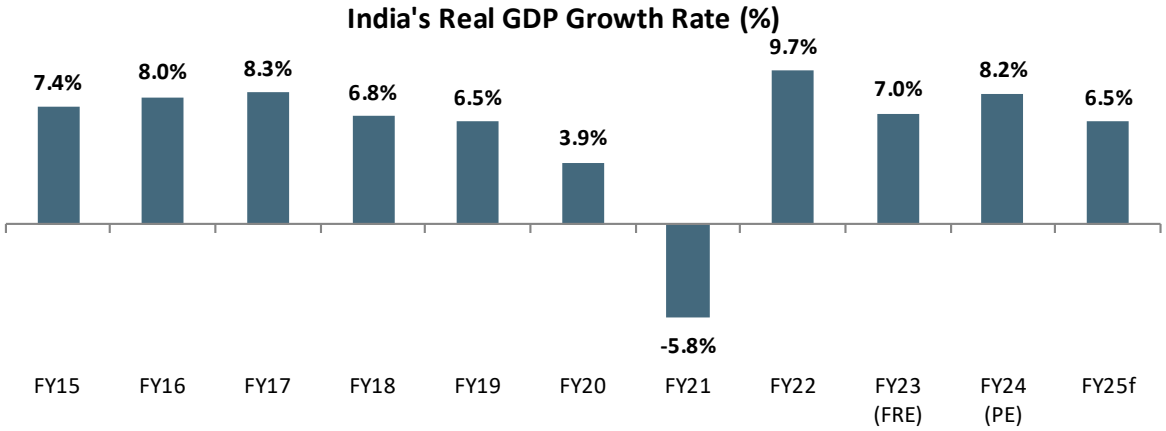
OVERVIEW OF INDIAN ECONOMY

India had surpassed the UK to become the world's fifth-largest economy and is now behind only the US, China, Japan, and Germany. India's Gross Domestic Product (GDP) has reached USD3.75Tn (trillion) in 2023 from around USD2.0trn in 2014.

The Monthly Economic Review of September 2024 released by the Department of Economic Affairs, Ministry of Finance states in the fourth year of economic recovery following the contraction observed in FY21, several growth indicators demonstrate ongoing momentum, while some exhibit signs of softening. On the supply side, the agriculture and services sectors have performed well, though there has been some softening in manufacturing momentum. RBI surveys indicate improved business expectations for the coming quarters. Above-normal monsoon, adequate reservoir levels, and sufficient input availability have bolstered kharif sowing, surpassing both last year’s level and the five-year average. However, heavy monsoon rains have moderated mining and construction activities, as well as services sector activity, particularly in road transport during Q2 FY25. Despite this, business sentiments remain positive. On the demand side, rural demand continues to improve, as evidenced by increasing FMCG sales and higher three-wheeler and tractor sales. Conversely, urban demand has moderated due to softening consumer sentiments, high rainfall, and seasonal purchasing patterns. After two months of low inflation, consumer price inflation rose in September, driven by erratic monsoon effects on vegetable supplies. However, inflation in other food items declined, with pulses inflation dropping to single digits due to initiatives like Bharat Dal. Core inflation remains stable, with no pass-through from food inflation. Sufficient food grain buffer stock and a healthy kharif harvest are expected to alleviate future price pressures. The external sector is performing well, with rising capital inflows, a stable rupee, and foreign exchange reserves exceeding USD 700 billion by the end of September 2024. The merchandise trade deficit has expanded, increasing the current account deficit to 1.1% of GDP in Q1 FY25. Rising services exports and remittances have cushioned the current account deficit. Merchandise exports saw moderate growth due to weak global demand and falling commodity prices, while merchandise imports grew, reflecting strong domestic demand. The labor market remains steady, with the unemployment rate for 2023-24 unchanged at 3.2%, driven by a rising female workforce. Manufacturing employment increased, and high-frequency indicators highlight a rise in formal employment generation, though reports of AI displacing workers need monitoring. The economic outlook is positive, supported by a stable external sector, favorable agricultural conditions, increased demand during the festive season, and expected government spending to boost investment. However, demand conditions require close monitoring, and risks from global geopolitical conflicts, geo-economic fragmentation, and trade policy uncertainties could impact growth. The Indian economy is projected to grow between 6.5% and 7.0% in the current fiscal year.

Components of GDP						
Sr. No.	Domestic Product	Amount in INR Trillion			% change over previous	
		2021-22	2022-23 (FRE)	2023-24 (PE)	2022-23	2023-24
1	GVA at Basic Prices	138.8	148.0	158.7	6.7%	7.2%
2	Net Taxes on Products	11.5	12.7	15.1	10.6%	19.1%
3	Gross Domestic Product (GDP)[1]	150.2	160.7	173.8	7.0%	8.2%
4	Net Domestic Product (NDP)	130.7	139.9	151.5	7.0%	8.3%
	Expenditure Components[2]					
5	Private Final Consumption Expenditure (PFCE)	87.3	93.2	97.0	6.8%	4.0%
6	Government Final Consumption Expenditure (GFCE)	14.8	16.1	16.5	9.0%	2.5%
7	Gross Fixed Capital Formation (GFCF)	50.1	53.5	58.3	6.6%	9.0%
8	Changes in Stocks (CIS)	1.6	1.8	1.9	14.5%	5.9%
9	Valuables	2.8	2.3	2.8	-19.1%	21.2%
10	Exports	33.9	38.5	39.5	13.4%	2.6%
11	Imports	35.4	39.2	43.5	10.6%	10.9%
12	Discrepancies	(5.0)	(5.5)	1.3	11.2%	-123.3%
13	**GDP**	**150.2**	**160.7**	**173.8**	**7.0%**	**8.2%**

Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI)
Note: FRE: First Revised Estimates; PE: Provisional Estimates
1. GDP (Production/Income Approach) = GVA at Basic Price + Net Taxes on Products
2. Following Expenditure Approach, GDP = PFCE + GFCE + GFCF + CIS + Valuable + Export - Import. Discrepancy refers to gap between GDP (Production/Income Approach) and GDP (Expenditure Approach)



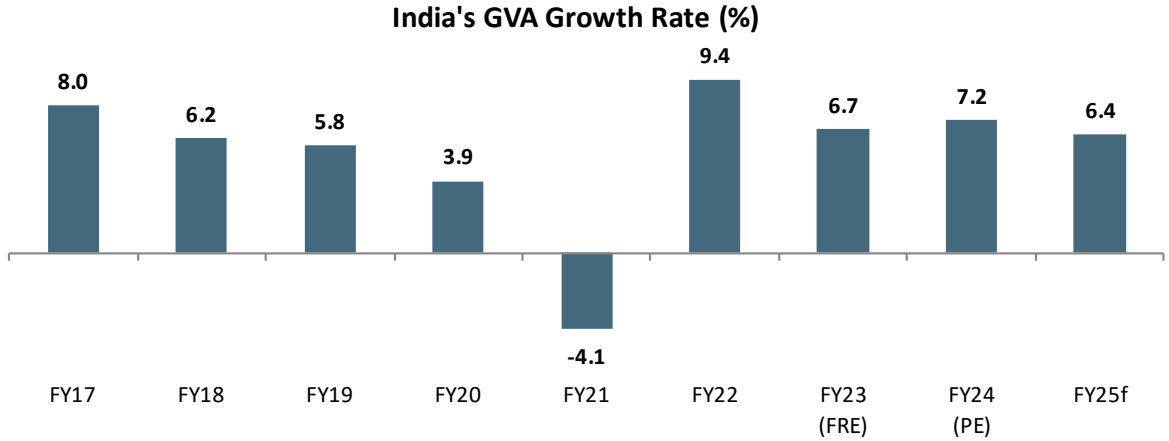
Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), FSIAPL
*Note: *f=forecasted, FRE: First Revised Estimates; PE: Provisional Estimates*

The growth rate of Real GDP during FY24 is estimated at 8.2% as compared to growth rate of 7.0% in FY23. Real GDP or GDP at Constant Prices in Q4 of FY24 is estimated at INR47.24trn, against INR43.84trn in Q4 of FY23, showing a growth rate of 7.8%. Nominal GDP or GDP at Current Prices in Q4 of FY24 is estimated at INR78.28trn, against INR71.23trn in Q4 of 2022-23, showing a growth rate of 9.9%. Driven by the Government's thrust on capex which has continued to crowd in private investment, Gross Fixed Capital Formation (GFCF) at constant prices registered a growth of 9.0% in FY24. Government Final Consumption Expenditure (GFCE) grew by 2.5% in FY24 as against growth of 9.0% in FY23. Private Final Consumption Expenditure (PFCE) grew by 4.0% in FY24 as against growth of 6.8% in FY23.

Gross Value Added (GVA)

According to the *'Provisional Estimates of Annual GDP for FY2024 and Quarterly Estimates of GDP for Q4 of FY2024'* released by the National Statistical Office (NSO), Ministry of Statistics & Programme Implementation (MoSPI) on 31st May 2024, real Gross Value Added (GVA) is estimated at INR158.7trn in the year FY24,

against the FRE for the year FY23 of INR148.1trn, registering a growth rate of 7.2% as compared to 6.7% in FY2023. GVA growth was driven by growth in the construction and manufacturing sector. The construction sector has displayed a strong performance with a 9.9% growth in FY24, and the manufacturing sector has witnessed a robust performance with a 9.9% growth in FY24, contributing significantly to the overall GDP growth in FY24. Nominal GVA is estimated to attain a level.



Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), FSIAPL
*Note: *f=forecasted, FRE: First Revised Estimates; PE: Provisional Estimates*

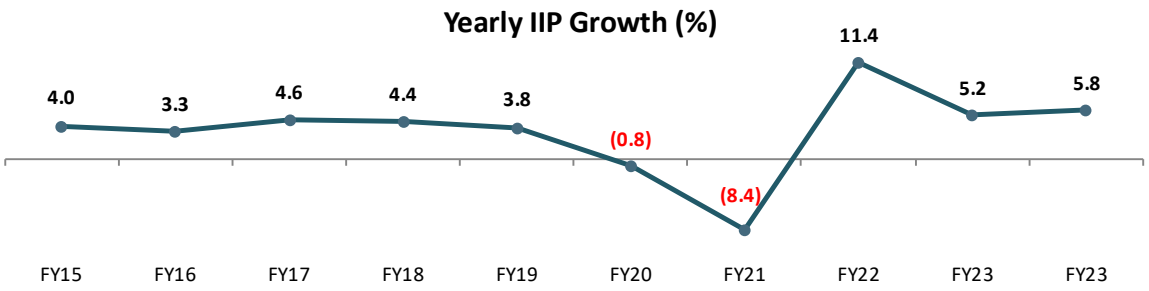
The sector wise data of the (GVA) at basic prices by economic activity (at 2011-12 Prices) reveals the subdued performance of the agricultural sector. It has been estimated to grow at a mere 1.4% in FY24, down from 4.7% in FY23. The industrial sector (mining, manufacturing, electricity, gas and water supply, and construction) has picked up pace, growing at more than 7.0% this year. The healthy performance of the sector is on the back of a pick-up in manufacturing and a sustained performance in construction. The services sector, though, has seen a mild deceleration when compared to last year.

Components of GVA						
Sr. No.	Industry	Amount in INR Trillion			% change over previous year	
		2021-22	2022-23	2023-24	2022-23	2023-24
1	**Primary Sector**	**24.8**	**25.9**	**26.4**	**4.4%**	**2.1%**
1.1	Agriculture, Livestock, Forestry and Fishing	21.7	22.7	23.0	4.7%	1.4%
1.2	Mining & Quarrying	3.1	3.2	3.4	1.9%	7.1%
2	**Secondary Sector**	**40.7**	**41.6**	**45.6**	**2.1%**	**9.7%**
2.1	Manufacturing	25.6	25.0	27.5	-2.2%	9.9%
2.2	Electricity, Gas, Water Supply and other utilities	3.2	3.5	3.7	9.4%	7.5%
2.3	Construction	11.9	13.1	14.4	9.4%	9.9%
3	**Tertiary Sector**	**73.2**	**80.6**	**86.7**	**10.0%**	**7.6%**
3.1	Trade, Hotels, Transport, Communication services	24.8	27.8	29.6	12.0%	6.4%
3.2	Financial, Real Estate & Professional Services	31.2	34.1	36.9	9.1%	8.4%
3.3	Public Administration, Defence & Other services*	17.2	18.8	20.2	8.9%	7.8%
GVA at Basic Prices		**138.8**	**148.0**	**158.7**	**6.7%**	**7.2%**

Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI)
Note: FRE: First Revised Estimates; PE: Provisional Estimates
**Public Administration, Defence & Other Services category includes the Other Services sector i.e. Education, Health, Recreation, and other personal services*

Industrial Growth trends

The Index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period. Industrial output measured by the index of industrial production (IIP) expanded by 5.8% during FY24 as compared to 5.2% during FY23. Manufacturing sector, which accounts for three-fourths of the industrial sector largely shaped the industrial sector recovery.

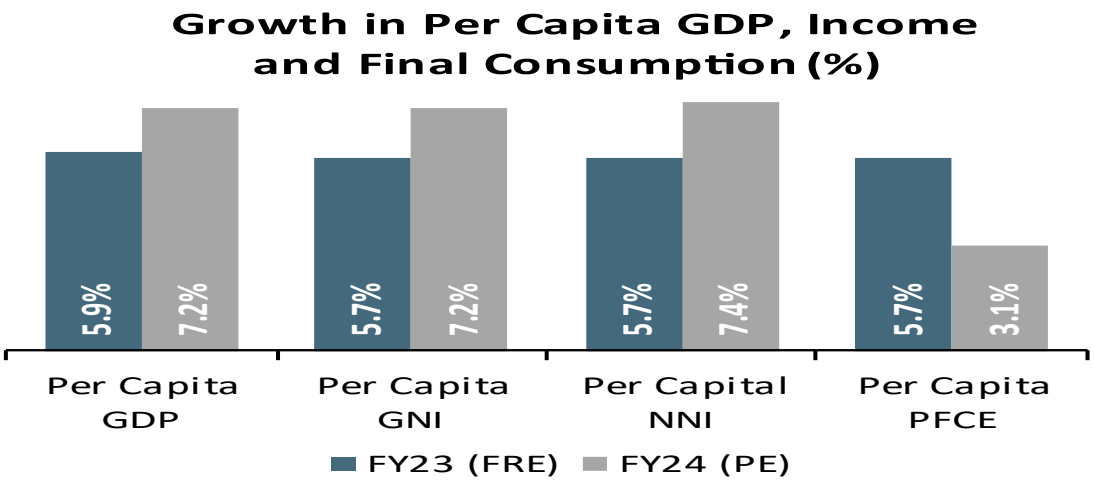


Source: RBI. MOSPI. FSIAPL

According to the *'Quick estimate of Index of Industrial Production and use-based index for the month of August 2024"* released by the National Statistical Office (NSO), Ministry of Statistics & Programme Implementation (MoSPI) on 11th October 2024, the IIP growth rate for the month of August 2024 is (-0.1%) which was 4.7% in the month of July 2024. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of August 2024 are (-4.3%), 1.0% and (-3.7) respectively. It is likely that the decline in the growth of Mining sector is due to heavy rainfall in the month of August 2024. The Quick Estimates of IIP stands at 145.6 against 145.8 in August 2023. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of August 2024 stand at 107.1, 145.9 and 212.3 respectively. Within the manufacturing sector, top three positive contributors for the month of August 2024 are – "Manufacture of basic metals" (3.0%), "Manufacture of electrical equipment" (17.7%), and "Manufacture of chemicals and chemical products" (2.7%). As per the use base classification, the indices stand at 141.6 for Primary Goods, 108.1 for Capital Goods, 162.2 for Intermediate Goods and 180.2 for Infrastructure/ Construction Goods for the month of August 2024. Further, the indices for Consumer durables and Consumer non-durables stand at 129.6 and 141.6 respectively.

Per Capita GDP, Income and Final Consumption

According to the *'Provisional Estimates of Annual GDP for FY2024 and Quarterly Estimates of GDP for Q4 of FY2024'* released by the National Statistical Office (NSO), Ministry of Statistics & Programme Implementation (MoSPI) on 31st May 2024, India's per capita GDP at Constant (2011-12) Prices grew by 5.9% to INR116,216 in FY23, while it increased by 7.2% to INR124,600 in FY24. Per Capita Gross National Income (GNI) at Constant (2011-12) Prices increased by 5.7% in FY23, whereas it increased by 7.2% to INR122,766 in FY24. The per capita private final consumption expenditure (PFCE) at Constant (2011-12) Prices, that represents consumer spending, grew by 5.7% in FY23, while it increased by 3.1% to INR 69,528 in FY23 FSIAPL estimates GDP growth to come in at 6.5% in FY25. Despite the base effect, the sequential GDP growth indicates that the economic recovery is on track due to the sustained government capex, healthy corporate performance, deleveraged corporates/banking sector balance sheet, continued softness in global commodity prices, and prospect of a new private corporate capex cycle.



Source: NSO,MOSPI, FSIAPL
Note: FRE: First Revised Estimates; PE: Provisional Estimates

Provisional Estimates (PE) of National Income FY24 (Amount in INR)

Particulars	FY22	FY23 (FRE)	FY24 (PE)	Change in FY23 (%)	Change in FY24 (%)
Per Capita GDP (INR)	109,762	116,216	124,600	5.9%	7.2%
Per Capita GNI (INR)	108,345	114,478	122,766	5.7%	7.2%
Per Capital NNI (INR)	94,054	99,404	106,744	5.7%	7.4%
Per Capita PFCE (INR)	63,807	67,423	69,528	5.7%	3.1%

Source: NSO, MoSPI, FSIAPL

Note: FRE: First Revised Estimates; PE: Provisional Estimates

Indian Economic Outlook FY25

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

India - Economic Outlook FY25 (% change)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25f
Gross value added at FY12 prices	6.2	5.8	3.9	-4.2	8.8	7.0	6.9	6.4
- Agriculture	6.6	2.1	6.2	4.1	3.5	4.0	1.8	3.0
- Industry	5.9	5.3	-1.4	-0.9	11.6	4.4	7.9	6.5
- Services	6.3	7.2	6.4	-8.2	8.8	9.5	7.7	7.3
Real GDP	6.8	6.5	3.9	-5.8	9.1	7.2	7.3	6.5
- Private final consumption expenditure (PFCE)	6.2	7.1	5.2	-5.2	11.2	7.5	4.4	6.1
- Government final consumption expenditure (GFCE)	11.9	6.7	3.9	-0.9	6.6	0.1	4.1	4.2
- Gross fixed capital formation (GFCF)	7.8	11.2	1.1	-7.3	14.6	11.4	10.3	8.1
Nominal GDP	11.0	10.6	6.4	-1.4	18.4	16.1	8.9	10.5
Average wholesale inflation	2.9	4.3	1.7	1.3	13.0	9.4	-0.6	2.2
Average retail inflation	3.6	3.4	4.8	6.2	5.5	6.7	5.5	4.8
Year-end interest rate (10-yr G-sec)	7.3	7.5	6.1	6.3	6.8	7.3	7.10-7.15	6.9-7.0
Average exchange rate (INR/USD)	64.5	69.9	70.9	74.2	74.5	80.4	83.1	85.6
Fiscal deficit (central government, % of GDP)	3.5	3.4	4.6	9.2	6.8	6.4	5.8	5.1
Current account deficit (% of GDP)	1.8	2.1	0.9	-0.9	1.2	2.0	1.3	1.4

Source: Union Budget, NSO, RBI, FSIAPL

Note: f - forecast, FY24 GVA and GDP are as per First Advanced Estimates by NSO

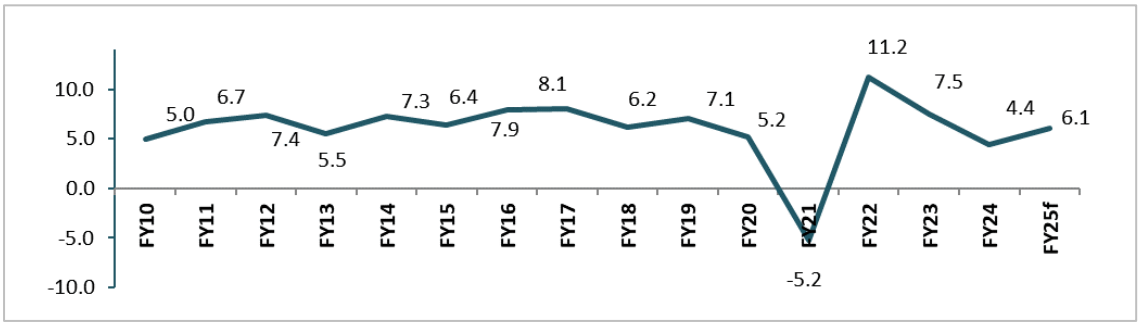
FSIAPL estimates GDP growth to come in at 6.5% in FY25. Despite the base effect, the sequential GDP growth indicates that the economic recovery is on track due to the sustained government capex, healthy corporate performance, deleveraged corporates/banking sector balance sheet, continued softness in global commodity prices, and prospect of a new private corporate capex cycle.

However, there are risks as well. Aggregate demand is largely driven by government capex. Prevailing consumption demand is highly skewed in favour of the goods and services consumed by the households belonging to the upper 50% of the income bracket and therefore not broad based. This is reflected in the manufacturing growth which is also not broad based. Although global merchandise trade according to World Trade Organisation is expected to grow 3.3% in 2024 driven by increased trade in the goods closely linked to business cycle, such as machinery and consumer durables, trade fragmentation/near-shoring/friend-shoring may emerge as a risk for India's exports. And finally, tighter financial conditions and lower/uneven 2024 monsoon rainfall could act as constraints.

Another issue that will have implications on GVA and corporate profitability in FY25 is the rise in Wholesale Price Index (WPI) inflation which is akin to producers' price index. FSIAPL expects WPI to witness deflation (0.6%) in FY24. However, with the waning of base effect, it is expected to turn into inflation in FY25, impacting input costs. WPI after remaining in deflation from April to October 2023 has turned into inflation since November 2023. A rise in input cost, if is not translated adequately into output prices, will reduce value addition/corporate margin. Given that consumption is not broad-based, producers will find it difficult to pass on the higher input cost to output prices.

Wait for Broad-Basing of Consumption Demand Getting Longer: FSIAPL expects PFCE, which accounts for about 60% of the GDP from the demand side, to grow 6.1% y-o-y in FY25 (FY24: 4.4%). FSIAPL calculation shows that, in general, a 1%-point increase in real wages could lead to a 1.12% increase in the real PFCE and the multiplier effect of this could result in a 64bp increase in the GDP growth. However, wage growth has been muted over the past several years. In fact, the average real wage growth during FY21-FY22 was only 3.1% and the corresponding PFCE growth was 3.0%. Since consumption demand is skewed in favor of the goods and services consumed largely by the households belonging to the upper income bracket, FSIAPL believes such consumption demand is not sustainable. Perhaps this is the reason why PFCE growth in FY24 plummeted to 4.4% (lowest since FY03, barring the COVID-19 impacted FY21). FSIAPL believes for sustained consumption demand growth, demand for the goods and services consumed by the households belonging to the lower income bracket also has to pick up.

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



Source: NSO, FSIAPL

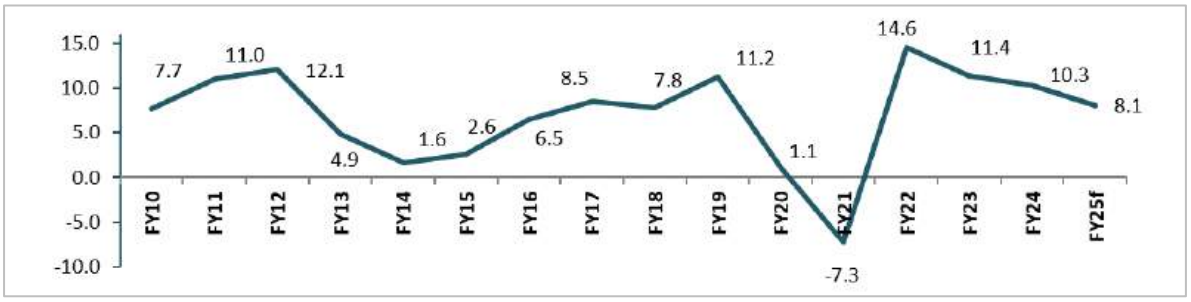
Investment Demand - No Let Up in Government Capex: FSIAPL expects GFCF to grow 8.1% y-o-y in FY25 (FY24: 10.3%), due to the sustained government capex. After PFCE, GFCF is the second-largest component of GDP from the demand side. In FY24 (Budget Estimate), the Union and State governments

(aggregate) have budgeted capex growth at 35.0% and 18.5% y-o-y, respectively (FY23: 16.3%, 12.9%). The combined capital outlay of union and 25 states grew at a robust 67.5% y-o-y to INR1.25trn till December 2023.

Private sector's greenfield capex barring few sectors has remained down and out now for several years. However, select data are pointing towards the likelihood of a new private corporate capex cycle. According to a study published in the RBI Bulletin August 2023 titled 'Private Corporate Investment: Performance and Near-term Outlook' and based on the project finance data for FY23, private capex spend could reach a decadal high in FY24. While there is a steady uptick in project sanctions by banks/financial institutions across all ticket sizes, there could be a significant push from large (over INR10 bn ticket size) projects in this cycle. Overall, 982 projects raised INR3.53trn in FY23 compared to 791 projects with an investment of INR1.98trn in FY22.

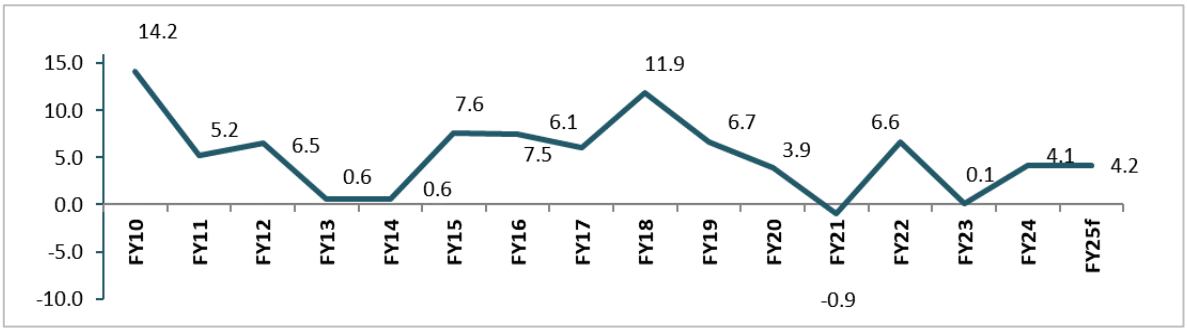
Although India's push for roads and renewable energy will continue to dominate the country's investment cycle, recent expansions announced in a diverse range of industries suggest a more ambitious shift away from modular capex. Besides crude oil, base metals, power and telecom, broad basing is visible with stepped-up capex activity across cement, chemicals, textile, healthcare, logistics etc.

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



Upside to Government Consumption Expenditure is Limited: FSIAPL expects GFCE to grow at 4.2% y-o-y in FY25 (FY23: 4.1%). GFCE had provided the much-needed support to the economy during FY16-FY20 as its y-o-y growth averaged 7.2%. However, due to the shift in government's expenditure focus towards capex, its average y-o-y growth has fallen to 3.6% during FY22-FY24 and this trend is likely to continue in view of the fiscal consolidation path spelt out in the FY25 Union Budget. This is reflected in the centre's revenue expenditure to GDP ratio, which had stepped up to 15.55% in FY21 to mitigate the adverse impact of COVID-19, gradually coming down (FY22: 13.64%; FY23: 12.69%) and is budgeted at 11.15% for FY25.

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



Source: NSO, FSIAPL

Reorientation of Global Trade Along Regional/Political Lines Poses New Risk to Exports: Global trade in goods and services grew at just 0.2% y-o-y in 2023, This is the slowest expansion outside global recessions in the past 50 years. Although World Bank expects global trade to grow 2.3% y-o-y in 2024, considerable headwinds continue to prevail. Purchasing Managers Index (PMI) for new export orders in December 2023 at

48.3 is still in the contractionary zone. FSIAPL expects goods and services exports to grow 5.8% y-o-y and imports to grow 8.8% y-o-y in FY25 as against 1.4% and 13.2%, respectively, in FY24. Inflation in advanced economies, though has moderated, is still high and is eroding household purchasing power. Also, a tighter monetary policy leading to higher cost of borrowings is constraining economic activity and demand across the globe, adversely impacting global trade. Moreover, as post-pandemic consumption in advanced economies is shifting back towards services, international merchandise trade is getting affected. Although global supply chains have largely recovered to pre-pandemic levels, the recent increase in the use of restrictive trade policies combined with subsidies and industrial policies aimed at localising production, has accelerated the reshoring of activities in the US and European Union. Continuation of this trend may pose new risks for India's exports.

Agricultural Sector Growth Crucial for Price Stability: FSIAPL expects the agricultural sector to grow 3.0% y-o-y in FY25 (FY24: 1.8% y-o-y), subject to a normal monsoon rainfall. El Niño conditions affected the monsoon rainfall in 2023, leading to lower agricultural growth. As on 2nd February 2024, the total area sown under rabi crops stood at 709.29 lakh hectares, nearly same as previous year. Area sown under wheat, which accounts for 47% of the rabi full season normal area, has progressed well despite the initial lag caused by the late harvesting of kharif crops. The area under wheat, oilseeds and coarse cereals has been larger than previous year, but it is smaller for pulses. Since the harvesting of major rabi crops spills over to FY25, a robust rabi crop augurs well for FY25 agricultural growth. However, the smaller area under pulses means pulses inflation, which has remained in double digits since August 2023, may not see respite in the near term. Another food item that is causing heartburn is rice, whose output was impacted by the lower 2023 monsoon rainfall. As on 10th January 2024, the rice procurement stood 8.9% y-o-y lower at 35.53 million tonnes.

Industrial Sector - In Search of Sustainable Growth: FSIAPL expects the industrial sector to grow 6.5% y-o-y in FY25 (FY24: 7.9%), mainly supported by construction and electricity/utility. They are estimated to grow 7.9% y-o-y and 7.2% y-o-y, respectively. However, manufacturing, the largest component of industry, is estimated to grow at 5.8% y-o-y in FY25 (FY24: 6.5%). The spill-over effect of government capex is visible in select IIP segments namely capital and infrastructure/ construction goods. During April-December 2023 (9MFY24) while capital goods grew at a strong 7.1% y-o-y, infrastructure/ construction goods recorded a handsome average growth rate of 10.4% y-o-y. The same however cannot be said about the other two important segments of IIP namely consumer durables and non-durables. While the average growth of consumer durables during 9MFY24 has been 1.0% y-o-y, that of consumer non-durables was 5.2% y-o-y. This substantiates the point made above that consumption demand in the economy is still not broad based.

Services Sector – New Businesses to Provide Impetus: FSIAPL expects the services sector to grow 7.3% y-o-y in FY25 (FY24: 7.7%). Some of its segments which were severely dented by COVID-19 for being contact intensive and showed late revival in FY23, have continued to do reasonably well even in FY24. Its largest component financial, real estate & professional services is expected to grow at 7.3% y-o-y in FY25 (FY24: 8.9%). The other two components of services sector namely – 'trade, hotels, transport and communication' and public administration is expected to grow at 7.5% and 7.0%, respectively, in FY25 (FY24: 6.3% and 7.7%). High frequency indicators are showing a continued services sector recovery. PMI for services expanded to a six-month high of 61.8 in January 2024. Although services may face some headwinds due to tighter financial conditions and normalisation of pent-up demand, FSIAPL believes upside to the sector growth is likely to come from new businesses. India is rapidly emerging as a global leader in hosting global capability centres (GCCs) for providing worldwide delivery of a range of solutions around back-office support and IT functions, location assessment, recruitment, and human resources support. Global corporations are increasingly finding that owning their resources and locating them in India gives them significant competitive edge due to quality real estate, competitive rental rates, and an extraordinary talent pool.

Inflation Moderating but RBI's Fight Not Over Yet: FSIAPL expects the average retail (CPI) and wholesale inflation (WPI) to come in at 4.8% and 2.2%, respectively, in FY25. Retail and wholesale inflation averaged 5.4% and negative 0.9%, respectively, during 10MFY24. One of the key reasons for elevated retail inflation has been elevated food inflation. The push to retail inflation coming from fruits and vegetables prices is seasonal

and generally gets corrected within a short span of time with the arrival of fresh/new vegetables crop. However, sustained high inflation in some other food items such as cereals and pulses are more structural in nature and is linked to the productivity and cost-plus minimum support prices announced by the government. While cereals witnessed double-digit inflation at retail level during September 2022 to November 2023, pulses inflation entered into double digits since June 2023 (January 2024: 19.5%).



Although global commodity prices including crude oil are largely benign, despite volatile global geopolitical environment, the RBI's guidance with respect to inflation and its trajectory during the four quarters of FY25 suggests that it will remain cautious and watchful. Also, it is unlikely to change either the stance or the policy rate any time soon. The reason being that it does not want to fritter away the gains made so far in combating the inflation. Core inflation fell to 3.6% in January 2024 from 6.1% in December 2022, but the large and repetitive food price shocks in the recent past have interrupted the pace of disinflation, and the RBI would not like food inflation to get generalised through wage price spiral. FSIAPL therefore believes if monsoon remains normal in 2024 and there are no adverse weather/ geopolitical events, then the RBI may resort to monetary easing in H2FY25.

FY25 Fiscal Deficit is Achievable: By lowering the fiscal deficit of FY24 to 5.8% of GDP from the budgeted 5.9%, despite the lower nominal GDP and budgeting the FY25 fiscal deficit at 5.1% of GDP, the Union government has shown its intention of achieving a fiscal deficit of 4.5% of GDP in FY26. Over the past few years, the government's revenue collections, especially tax collections, have turned out to be better than budgeted. Even for FY25, the union budget is expecting the tax collections to grow 11.9% y-o-y (FY24BE: 11.6%). The budgeted tax revenue buoyancy for FY24 was 1.07x, but as per FY24RE it came in at 1.19x. Therefore, FSIAPL believes that the target of achieving a fiscal deficit of 5.1% of GDP in FY25, although challenging, is achievable. Moreover, the union government over the past few years has surprisingly reported a better fiscal deficit/ GDP ratio than budgeted.

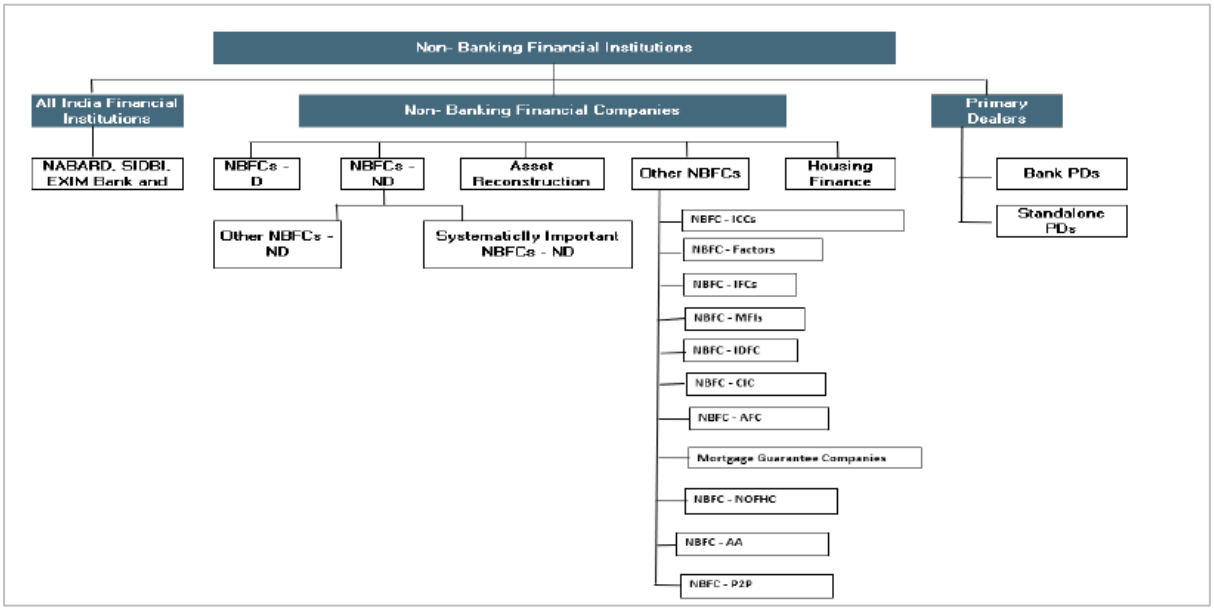
Interest Rate to Soften: FSIAPL expects the 10-year G-sec yield to settle at 6.9%-7.0% by end-March 2024 (January 2024: 7.18%). This can be attributed to the lower fiscal deficit leading to lower government borrowing, decline in inflation and increased capital flows due to inclusion of G-sec into JP Morgan's Government Bond Index-Emerging Markets. Also as noted above, a normal monsoon coupled with no adverse weather/ geopolitical shock may result in monetary easing by the RBI in H2FY25. Banking liquidity has been under stress since September 2023 due to – (i) higher cash withdrawal owning to the festival demand, (ii) lower deposit than credit growth, and (iii) moderation in government spending. As a result, short-term money market rates starting from overnight rates to commercial papers/ certificates of deposit - all have remained elevated for long. However, with the step-up of government expenditure in 4QFY24 and injection of liquidity by the RBI through both the main and the fine-tuning repo operations, liquidity tightness in the system has eased and so has the money market rates. The inversion visible at the shorter end though is still there, FSIAPL expects it to correct soon.

OVERVIEW OF THE NBFC MARKET OF INDIA

Introduction

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

Structure of NBFIs under the Reserve Bank Regulation



Source: Reserve Bank of India

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

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

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

While an NBFC may be registered as a deposit accepting NBFC (NBFC-D) or as a non-deposit accepting NBFC (NBFC-ND), NBFCs registered with RBI are further classified as:

- **Investment and Credit Company:** The main business of these companies is lending and investment.
- **Systemically Important Core Investment Company (CIC-ND-SI):** A systematically important NBFC (assets INR1.0bn and above) which has deployed at least 90% of its assets in the form of investment in shares or debt instruments or loans in group companies is called CIC-ND-SI. Out of the 90%, 60% should be invested in equity shares or those instruments which can be compulsorily converted into equity shares. Such companies do accept public funds.
- **Infrastructure Finance Companies (IFC):** A company which has net owned funds of at least INR3.0bn and has deployed 75% of its total assets in Infrastructure loans is called IFC provided it has credit rating of A or above and has a CRAR of 15%.
- **Infrastructure Debt Fund – NBFCs (IDF-NBFC):** An IDF-NBFC is a non-deposit taking NBFC that has Net Owned Fund of INR3.0bn or more and which invests only in Public Private Partnerships and post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory commercial operation and becomes a party to a Tripartite Agreement.
- **NBFC - Micro Finance Institutions:** Microfinance companies are non-deposit taking firms that are entitled to provide loans up to INR50K to individuals coming under low-income group living in rural or semi-urban areas.
- **NBFC – Factors:** An NBFC-Factoring Company should have a minimum NOF of INR50.0mn and its financial assets in the factoring business should constitute at least 75% of its total assets and its income derived from factoring business should not be less than 75% of its gross income.
- **Mortgage Guarantee Companies:** Mortgage Guarantee Company acts as an insurance against defaults on loans by the homebuyer, thereby reducing the loan exposure and credit risks for the lender. Mortgage Guarantee Company is a financial institution for which at least 90% of the business turnover is mortgage guarantees or at least 90% of the gross income is from the mortgage guarantee business and whose net-owned funds is at least INR1000mn.
- **NBFC-Non-Operative Financial Holding Company (NOFHC):** For permitting promoter/ promoter groups of NBFCs to set up a new bank.
- **NBFC-Account Aggregator (NBFC-AA):** NBFC-AA engages in collecting and providing information about a customer's financial assets in a consolidated, organised, and retrievable manner to the customer or others as specified by the customer.
- **NBFC–Peer to Peer Lending Platform (NBFC-P2P):** PBFC – P2P provides an online platform to bring lenders and borrowers together to help mobilise funds.
- **Housing Finance Companies (HFC):** HFC is another form of a non-banking financial company NBFC which primarily is engaged in the business of providing finance for housing.

Scale Based Classification of NBFCs

A four-layered scale-based approach to regulate NBFC in the country was introduced vide circular DOR.CRE.REC. No.60/03.10.001/2021-22 dated 22nd October 2021. RBI subsequently released Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 on 19th Oct 2023 which was recently updated on 21st March 2024 vide DOR.FIN.REC. No.45/03.10.119/2023-24. The direction states that NBFCs shall comprise of four layers based on their size, activity and perceived riskiness as mentioned below:

- NBFCs in the lowest layer shall be known as NBFCs-Base Layer (NBFCs-BL)
- NBFCs in middle layer shall be known as NBFCs-Middle Layer (NBFCs-ML)
- NBFCs in upper layer shall be known as NBFCs-Upper Layer (NBFCs-UL)

- The Top Layer is ideally expected to be empty and will be known as NBFCs-Top Layer (NBFCs-TL)

Base Layer - The Base Layer shall comprise of (a) non-deposit taking NBFCs below the asset size of INR1,000 crore and (b) NBFCs undertaking the following activities - (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFC not availing public funds and not having any customer interface.

Middle Layer - The Middle Layer shall consist of (a) all deposit taking NBFCs (NBFCs-D), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of INR1,000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealer (SPD), (ii) Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC), (iii) Core Investment Company (CIC), (iv) Housing Finance Company (HFC) and (v) Non-Banking Financial Company-Infrastructure Finance Company (NBFC-IFC).

Upper Layer - The Upper Layer shall comprise of those NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor. In September 2023, RBI announced the list of NBFCs in the upper layer under scale-based regulation for NBFCs for the year FY24. LIC Housing Finance Limited, Bajaj Finance Limited, Shriram Finance Limited, Tata Sons Private Limited, L & T Finance Limited, Piramal Capital & Housing Finance Limited, Cholamandalam Investment and Finance Company Limited, Indiabulls Housing Finance Limited, Mahindra & Mahindra Financial Services Limited, Tata Capital Financial Services Limited, PNB Housing Finance Limited, HDB Financial Services Limited, Aditya Birla Finance Limited, Muthoot Finance Limited, Bajaj Housing Finance Ltd are the NBFCs in the upper layer under scale-based regulation for NBFCs for the year FY24. In terms of the framework, once an NBFC is classified as NBFC-Upper Layer, it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer, even in case it does not meet the parametric criteria in the subsequent year/s.

Top Layer - The Top Layer will ideally remain empty. This layer can get populated if the Reserve Bank is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer. Such NBFCs shall move to the Top Layer from the Upper Layer.

Categorization of NBFCs carrying out specific activity

As the regulatory structure envisages scale based as well as activity-based regulation, the following prescriptions shall apply in respect of the NBFCs.

- NBFC-P2P, NBFC-AA, NOFHC and NBFC not availing public funds and not having any customer interface will always remain in the Base Layer of the regulatory structure.
- NBFC-D, CIC, NBFC-IFC and HFC will be included in Middle Layer or the Upper Layer (and not in the Base layer), as the case may be. SPD and IDF-NBFC will always remain in the Middle Layer.
- The remaining NBFCs, viz., NBFC-Investment and Credit Companies (NBFCICCs), NBFC-Micro Finance Institutions (NBFC-MFIs), NBFC-Factors and Mortgage Guarantee Companies (MGCs) could lie in any of the layers of the regulatory structure depending on the parameters of the scale based regulatory framework.
- Government owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be. They will not be placed in the Upper Layer till further notice.

References to NBFC-ND, NBFC-ND-SI and NBFC-D

From 1st October 2022, all references to NBFC-ND (i.e., non-systemically important non-deposit taking NBFC) shall mean NBFC-BL and all references to NBFC-D (i.e., deposit taking NBFC) and NBFC-ND-SI (systemically important non-deposit taking NBFC) shall mean NBFC-ML or NBFC-UL, as the case may be.

Classification in Middle Layer in case of Multiple NBFCs in a Group

- NBFCs that are part of a common Group or are floated by a common set of promoters shall not be viewed on a standalone basis. The total assets of all the NBFCs in a Group shall be consolidated to determine the threshold for their classification in the Middle Layer.

- If the consolidated asset size of the NBFCs in the Group is INR1000 crore and above, then each NBFC-ICC, NBFC-MFI, NBFC Factor and MGC lying in the Group shall be classified as an NBFC in the Middle Layer and consequently, regulations as applicable to the Middle Layer shall be applicable to them. However, NBFC-D, within the Group, if any, shall also be governed under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Direction, 2016.
- Statutory Auditors are required to certify the asset size (as on March 31) of all the NBFCs in the Group every year. The certificate shall be furnished to the Department of Supervision of the Reserve Bank under whose jurisdiction the NBFCs are registered.
- Provisions contained above shall not be applicable for classifying an NBFC in the Upper Layer.

Criteria for deciding NBFC-Middle Layer status.

- Once an NBFC reaches an asset size of INR1,000 crore or above, it shall be subject to the regulatory requirements as per Section III of these Directions, despite not having such assets as on the date of last balance sheet. All such non-deposit taking NBFCs shall comply with the regulations/directions issued to NBFCs-ML from time to time, as and when they attain an asset size of INR1,000 crore, irrespective of the date on which such size is attained.
- In a dynamic environment, the asset size of a NBFCs can fall below INR1,000 crore in a given month, which may be due to temporary fluctuations and not due to actual downsizing. In such a case the NBFC shall continue to meet the reporting requirements and shall comply with the extant directions as applicable to NBFC-ML, till the submission of its next audited balance sheet to the Reserve Bank and a specific dispensation from the Reserve Bank in this regard.

Regulatory revisions applicable to all layers of NBFCs under Scale Based Regulations

1) **Raising minimum Net Owned Fund (NOF) for certain NBFCs:** The regulatory minimum net-owned fund for finance companies acting as NBFC – ICC, NBFC- MFI and NBFC – Factors will be increased to INR 10 crore. The RBI has set a three-year glide path for the existing NBFCs to achieve the net-owned funds (NOF) of INR 10 crore by 31st March 2027. The following glide path is provided for the existing NBFCs:

NBFCs	Current NOF	By 31st March 2025	By 31st March 2027
NBFC-ICC	INR 2 crore	INR 5 crore	INR 10 crore
NBFC-MFI	INR 5 crore (INR2 crore in NE Region)	INR 7 crore (INR 5 crore in NE Region)	INR 10 crore
NBFC-Factors	INR 5 crore	INR 7 crore	INR 10 crore

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

However, for NBFC-P2P, NBFC-AA, and those with no public funds and no customer interface, the NOF shall continue to be INR 2 crore. NBFCs failing to achieve the prescribed level within the stipulated period shall not be eligible to hold the Certificate of Registration (CoR) as NBFCs.

2) **Harmonizing Non-Performing Assets (NPA) classification norms:** The RBI has revised existing norms for classifying loans as non-performing assets (NPAs). The extant NPA classification norm stands changed to the overdue period of more than 90 days for all categories of NBFCs. A glide path is provided to NBFCs in Base Layer to adhere to the 90 days NPA norm as under –

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

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

2021

The glide path will not be applicable to NBFCs which are already required to follow the 90-day NPA norm. The central bank has provided a three-year transit period to NBFCs in the base layer to adhere to the revision. NBFCs in middle and upper layers have to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. NBFCs in the upper layer will have to have a common equity tier-1 capital of at least 9% to enhance the quality of regulatory capital. In addition to the CRAR, the upper layer NBFCs will also be subjected to leverage requirements to ensure that their growth is supported by adequate capital. A suitable ceiling for leverage will be prescribed subsequently as and when necessary.

3) **Experience of the Board:** At least one of the directors in the Board of Directors should have relevant experience of having worked in a Bank/NBFC. This is a requirement for all NBFCs.

4) **Ceiling on Initial Public Offer (IPO) funding:** A limit of INR1 crore per borrower has been set for financing subscription to IPOs (earlier NBFCs had no ceiling on an IPO funding). Ceiling on an IPO funding has been made applicable from 1st April 2022.

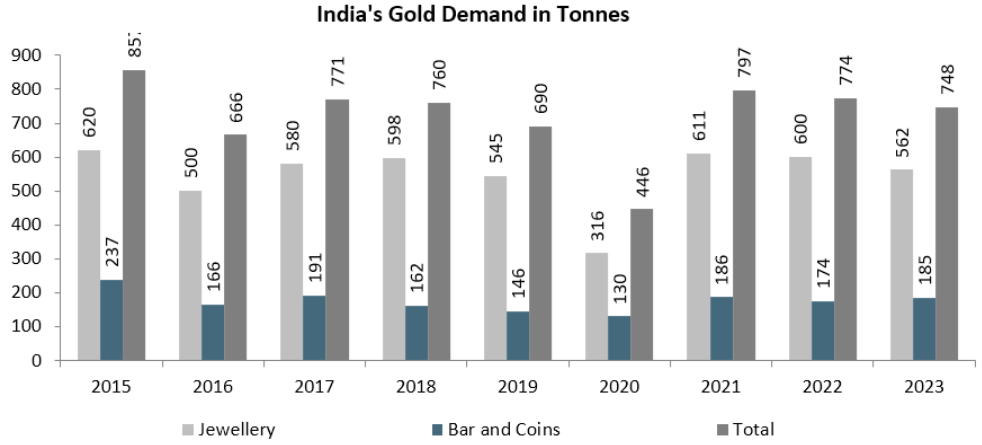
EVOLUTION OF GOLD LOAN MARKET IN INDIA

Introduction

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

Gold Demand in India (2013-2023)

India is one of the largest markets for gold and growing affluence is driving growth in demand. Gold has a central role in the country's culture, considered a store of value, a symbol of wealth and status and a fundamental part of many rituals. Aside from Diwali, one of the most important dates in the Indian calendar, regional festivals across the country are celebrated with gold: in the south, Akshaya Tritiya, Pongal, Onam and Ugadi; in the east, Durga Puja; in the west, Gudi Pavda; in the north, Baisakhi and Karva Chauth. Two-thirds of India's gold demand came from rural areas, where jewellery is a traditional store of wealth. The chart given below depicts the trend of India's gold demand (in tonnes) from 2013-2023.

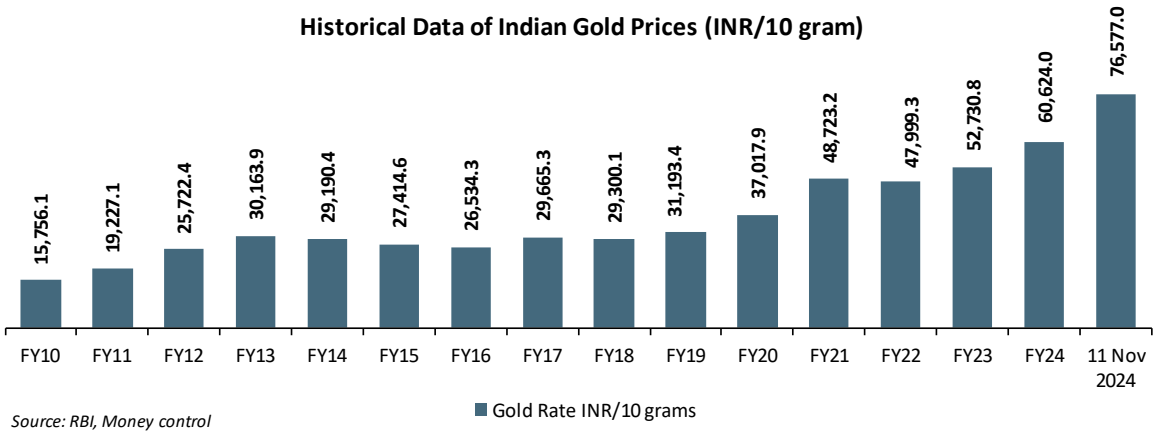


Source: World Gold Council

As per World Gold Council (WGC), Indian gold demand fell ~3.0-3.5% in 2023 from the prior year to 748 tonnes, the lowest since 2020, as prices rallying to a record high curtailed jewellery demand. Switzerland, the United Arab Emirates, Peru, and Ghana are leading gold suppliers to India. Demand for gold jewellery in 2023 dropped by 6% to 562 tonnes compared with 2022. Even though consumer interest remained high, it lagged trade sentiment. October's price correction during Navratri stimulated a robust consumer response, boosting Diwali sales in November. However, demand declined in December as gold prices resumed an upward trend, resulting in a 9% drop in October - December 2023 jewellery demand. 2023 also saw a rebound in investment in gold bars and coins, which grew by 7% year-on-year to 185 tonnes. Demand in the October-December period of 2023 touched 67 tonnes, 64% above the five-year quarterly average. The correction in gold prices led to a robust investment response in last six months of 2023, supported by increased interest from physically backed gold ETF investors, setting the total holdings in Indian-listed products at a record 42 tonnes by the end of the year. Net gold imports in 2023 were 20% higher than the previous year at 780.7 tonnes, primarily due to substantial inventory building by traders. According to the WGC, India's gold demand has remained between 700 and 800 metric tons over the past five years. However, the WGC has raised its forecast for India's gold consumption in 2024 to 850 tonnes, up from 748 tonnes, driven by a good monsoon and a reduction in gold duty.

Gold Price Movement in India

Gold prices in India have been showing an overall upward trend since the last 3 decades. There was a steady increase in the prices of gold from FY10 to FY13. From FY14 to FY16, there was a decline in gold prices owing to geopolitical stability, low oil prices, low inflation, and strong growing equity market. During this period, gold lost its attractiveness to investors either from a capital appreciation perspective as a hedge against inflation or as a safe haven, causing a significantly reduced demand.



Source: RBI, Money control

However, from FY17 to FY19, gold prices started to surge to the pre-FY13 levels, further increasing to INR40,740 per 10gram in FY20 and INR 47,555 per 10gram in FY21. Gold prices crossed INR 61,000 per 10gram in April 2023. It is currently at INR76,577. per 10 grams as of 11th November 2024.

Gold prices in India continued to sparkle throughout FY24, propelled by escalating geopolitical tensions globally. Gold exhibited significant volatility, primarily influenced by decelerating growth in advanced economies and the monetary tightening policies pursued by global central banks in response to elevated inflation levels. The gold price rally may continue in FY25 as the US Fed is expected to declare three interest rate cuts in 2024. So, there would be three US Fed rate cuts in the first nine months or say first three quarters of FY25. Geopolitical tension, ease in the US inflation, and US dollar rates are expected to fuel gold rate further in FY25.
The decline of the U.S. dollar has been a frequent topic in recent news. From the beginning of January 2024 to early November 2023, gold surged by 35%, reaching nearly USD2,800 per ounce. Gold's long-term resilience indicates that it serves as more than just a situational hedge. From the onset of central banks' efforts to combat inflation in early 2022 to early November 2024, gold appreciated by 53%, making it one of the top-performing assets over the past three years. Since the start of the millennium, gold's value has increased by about 900%.

This substantial rise in value stems from what is essentially a simple rock. Much discussion has surrounded the reasons for gold's enduring strength, with one frequently cited factor being the increased demand from central banks. Central banks have been net buyers of gold since the 2008 financial crisis and currently hold record-high amounts. They purchase gold as a store of value, an inflation hedge, a safeguard against geopolitical risk, due to its lack of counterparty risk, and because of declining interest rates.

The fluctuations in gold and silver prices are driven by various factors, including insights from reputable jewellers. Factors such as global demand for gold, currency value fluctuations between countries, current interest rates, and government regulations on the gold trade all contribute to these price variations. Additionally, global events, the state of the global economy, and the strength of the US dollar relative to other currencies significantly impact gold prices in the Indian market.

Gold Loan Market in India

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

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

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

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

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

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

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

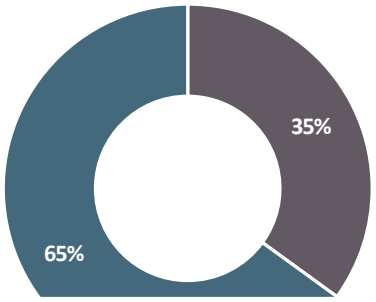
The COVID-19 pandemic and subsequent nationwide lockdown led to significant job losses, causing people to deplete their savings to make ends meet. Many individuals relied heavily on borrowings from banks and other sources to meet their financial needs during the pandemic. Instead of selling their gold, consumers used it as collateral to secure financing. This increase in borrowing led to a rise in demand for gold loans during the pandemic, both through Non-Banking Financial Companies (NBFCs) and banks. Gold loans are set to benefit not only from demand-side factors but also from supply-side dynamics, as many banks and non-banking institutions are targeting this product segment due to its favourable risk profile. Borrowers benefited from higher loan values for the same collateral, while lenders benefited from lower Loan-to-Value (LTV) ratios on their existing loans and increased demand. The surge in demand during the pandemic has pushed the Asset Under Management (AUM) for gold loans up by 20-30% for most of India's leading gold loan NBFCs and banks.

Gold Loan NBFCs in India

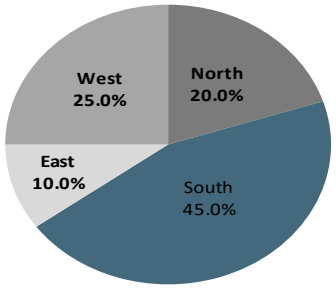
Till the last century, most of the lending was in the unorganized sector through pawnbrokers and money lenders. However, this scenario has changed over the last two decades post India's economic liberalization and financial sector reforms, and the organised sector has become more dominant. Buoyed by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

The total gold loan industry AUM stood at approximately INR18,612.0bn in FY24, out of which approximately 35% accounted for organised market. India's unorganised gold loan market is estimated to be around 65% of the total gold loan market. There are no official estimates available on the size of this market, which is characterised by the presence of numerous pawnbrokers, moneylenders and landlords operating at a local level. However, this market is believed to be almost double the size of organised gold loans market.

Gold Loan market (%) as of FY24



Regional Gold Loan Demand (FY24)

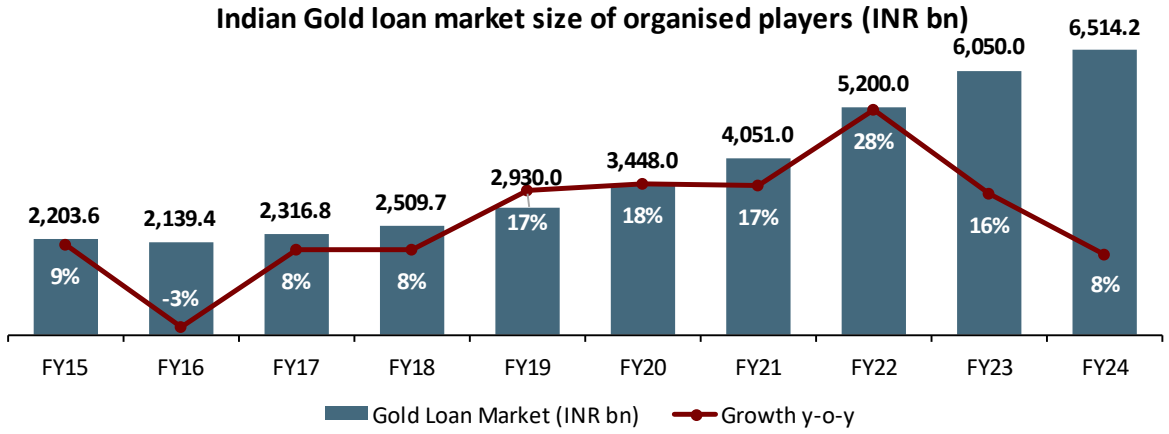


Souce: FSIAPL

The demand for gold has a regional bias with southern Indian states accounting for around 45.0% of the annual demand. There is potential to expand gold loans market to the Northern and Western regions of India, provided the branch network is expanded and the loans are available with ease and with flexible options. The prevalence of high level of rural indebtedness, easy availability of gold loans on extremely flexible terms, relative scarcity of personal and retail loans from the banks and changing attitude of customers to gold loans will contribute to the growth in the gold loan AUM to newer regions. Many Gold loan companies are reducing their geographical concentration risk and gradually shifting their focus to northern and western region over the last 3 years.

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

As per WGC report, the organized gold loan industry is around 35% and unorganized industry is around 65%. The total gold loan industry AUM stood at INR18,612.0bn in FY24, out of which approximately 35% valuing INR6,514.2bn accounted for organised market.



Source: FSIAPL

NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions. Indian Gold loan market of organised players has increased at a CAGR of 12-13% from INR2,203.6bn in FY15 to INR6,514.2bn in FY24 owing to increase in gold prices, good monsoon, and favourable macroeconomic factors. During this period, NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions.

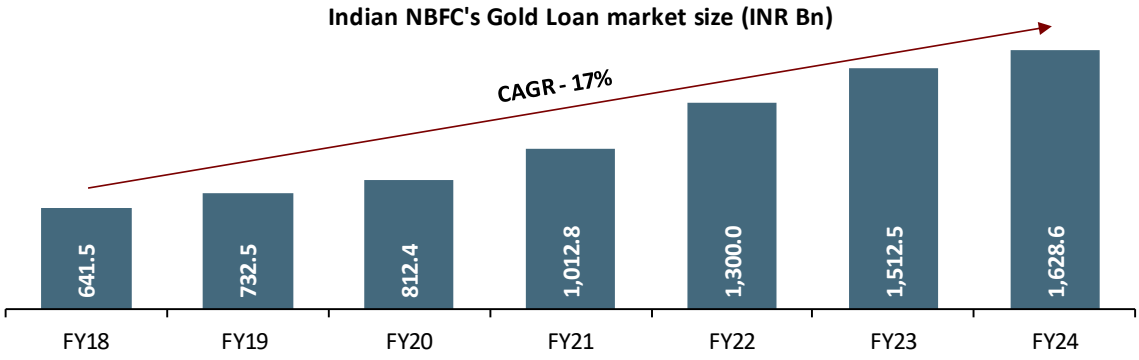
Overview of some operational parameters of organized players is provided below:

Parameters	Gold Loan NBFCs	Banks	Money Lenders
Loan to Value	Upto 75%	Upto 75%	Higher than 75%
Penetration	Highly peneterated	Not highly peneterated. Selective branches	Highly peneterated
Interest Charges	Around 15-25% p.a	Around 8-18% p.a	Usually in the range of 30-50% p.a.
Regulatory Body	RBI	RBI	Not regulated
Processing Fees	No/Minimal processing fees	Higher than NBFCs	Nil
Documentaion	Minimal, Govt. ID proof	Complete KYC compliance	Nil or minimal
Customer Service	High-Gold Loan is core focus	Non- core focus	Core focus
Repayment Structure / Flexibility	Flexible. No pre-payment charges	EMI based. Pre-payment penalty is charged.	One time
Model of Disbursal	Cash, Cheque/Electronic Transfer (Cash upto INR20,000/-)	Cheque, Electronic Transfer	Cash
Working Hours	Open beyond banking hours	Typical Banking Hours	Open beyond banking hours
Fixed Office Space	Branch with dedicated staff for gold loans	Bank branches	No fixed place
Turn Around Time	Around 10 minutes	1-2 hours	More than 10 minutes

Source: Industry Sources, FSIAPL

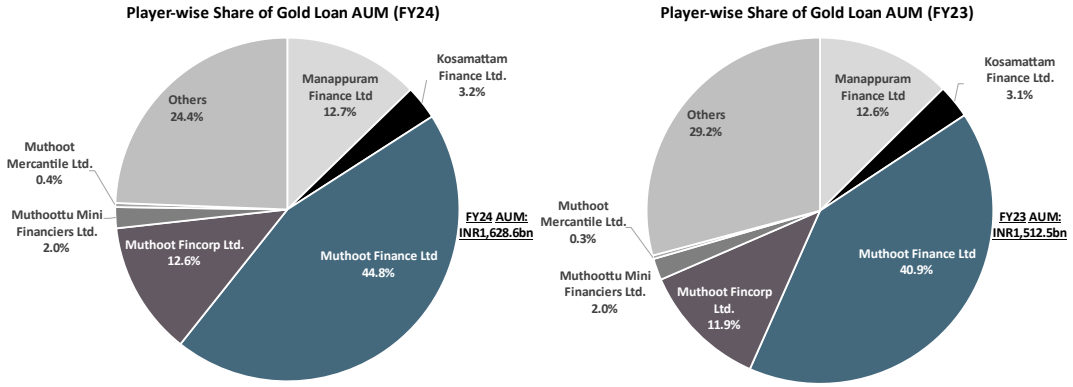
Growth in Gold Loans market of NBFCs (Gold Loan) in the Last 6 Years

The gold loan AUM of NBFCs grew at a CAGR of 17% between FY18 and FY24. NBFCs witnessed a decline in gold loan AUM between FY12 and FY14, as RBI's regulations curbed the performance as mentioned earlier. However, due to NBFCs flexible loan offerings and quicker disbursement time helped them to grow their gold loan AUM from INR641.5bn in FY18 to INR1,628.6bn in FY24.



Source: FSIAPL

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



Source: Company Annual Reports, Credit Rating Reports, FSIAPL

Within the Gold Loan NBFCs, Muthoot Finance Ltd., Manappuram Finance Ltd. and Muthoot Fincorp Ltd. are the largest players accounting for 70.1% of the gold loan portfolio as of FY24. Muthoot Finance Ltd. holds the highest share of 44.8% in the gold loan market among Gold Loan NBFCs in India as of FY24.

Manappuram Finance Ltd. has witnessed a growth of 8.9% in Gold AUM from INR190.0bn in FY23 to INR207.0bn in FY24. Kosamattam Finance Ltd. had growth of 9.6% in Gold AUM from INR47.5bn in FY23 to INR52.0bn. Muthoot Finance Ltd. has witnessed growth of 17.8% in Gold AUM from INR619.0bn in FY23 to INR729.0bn in FY24. Muthoot Fincorp Ltd. has witnessed growth of 14.2% in Gold AUM from INR179.4bn in FY23 to INR204.8bn in FY24. Muthoottu Mini Financiers Ltd. had a growth of 5.6% in Gold AUM from INR30.5bn in FY23 to INR32.2bn in FY24. Muthoot Mercantile Ltd. has seen a substantial increase of 26.1% in its Gold AUM from INR4.9bn in FY23 to INR6.2bn in FY24. Muthoot Mercantile Ltd. holds 0.4% share in the gold loan market among Gold Loan NBFCs in India as of FY24.

KEY GROWTH DRIVERS FOR GOLD LOAN

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

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

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

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

Rising consumerism in rural areas

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

Changing attitudes towards Gold Loan

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

Ease of availability of gold loan

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

Untapped opportunities in the non-south regions

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

Lower default rates

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

Development of online gold loan market

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

The increasing adoption of smartphones and expanding internet connectivity in rural and semi urban area will enable NBFCs in the coming years to get most of their customers to transact in the online gold loan platform. Further, NBFCs have started targeting MSME segment for the OGL as they are not very comfortable visiting gold loan offices for their finance requirements.

REGULATORY MEASURES IMPACTING THE GOLD LOAN MARKERT IN INDIA

NBFCs primarily engaged in lending against gold jewelry (such loans comprising 50% of more of their financial assets) shall maintain a minimum Tier 1 capital of 12% of aggregate risk weighted assets of on-balance sheet and of risk adjusted value of off-balance sheet items. The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 have issued guidelines regarding the following:

Verification of the Ownership of Gold: Where the gold jewelry pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs shall keep a record of the verification of the ownership of the jewelry. The ownership verification need not necessarily be through original receipts for the jewelry pledged but a suitable document shall be prepared to explain how the ownership of the jewelry has been determined, particularly in each case where the gold jewelry pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams. Also, NBFCs shall have an explicit policy in this regard as approved by the Board in their overall loan policy.

Safety and security measures to be followed by NBFCs lending against collateral of gold jewellery:

NBFCs, which are in the business of lending against collateral of gold jewelry, shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating the vault, in each of its branches where gold jewelry is accepted as collateral. This is required to safeguard the gold jewelry accepted as collateral and to ensure convenience of borrowers. No new branch/es shall be opened without suitable arrangements for security and for storage of gold jewelry, including safe deposit vault.

Standardization of Value of Gold in Arriving at the Loan to Value Ratio: The gold jewelry accepted as collateral by the NBFC shall be valued by considering the preceding 30 days' average of the closing price of 22 carat gold as per the rate as quoted by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. If the purity of the gold is less than 22 carats, the NBFC shall convert the collateral into 22 carat and state the

exact grams of the collateral. In other words, jewelry of lower purity of gold shall be valued proportionately. NBFC, while accepting gold as collateral, shall give a certificate to the borrower on their letterhead, of having assayed the gold and state the purity (in terms of carats) and the weight of the gold pledged. NBFCs may have suitable caveats to protect themselves against disputes during redemption, but the certified purity shall be applied both for determining the maximum permissible loan and the reserve price for auction.

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

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

- The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located. NBFCs can however pool gold jewelry from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:

i. The first auction has failed.

ii. The NBFC shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.

Non-adherence to the above conditions will attract strict enforcement action.

- While auctioning the gold the NBFC must declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85% of the previous 30-day average closing price of 22 carat gold as declared by the Bombay Bullion Association Ltd. (BBA), or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewelry of lower purity in terms of carats shall be proportionately reduced.
- It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
- NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Other Instructions:

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

Guidelines proposed for Gold Loan companies on settling the outstanding debt in case of death of the borrower, communicating terms and conditions in local languages, process to refund surplus from the auction of gold:

RBI had set up a six-member committee in May 2022, headed by former Deputy Governor Mr. BP Kanungo to examine and review customer services in regulated entities with an aim to protect the interests of customers. On 5th June 2023, Mr. BP Kanungo proposed a list of recommendations to improve customer service standards in regulated entities as follows:

- The committee recommends that in case of the death of the borrower, a notice may be served to the nominee or legal heir to settle the outstanding and keep the same on record before auctioning the pledged gold. Accountability may be fixed for non-adherence to the due notification process prior to the auction of

gold. For facilitating this, the gold loan companies may be required to register nominees while extending loans.

- The committee highlights circumstances leading to the auction of gold, and the requirement of a notice period should mandatorily be a part of gold loan companies' fair practices code and the loan agreement. Regulated entities shall record the acknowledgement receipt of the notice before scheduling an auction of gold.
- A large volume of gold loan accounts belongs to middle and low-income households and rural population. Hence, the committee recommends that the lender should communicate the terms and conditions to the borrowers in local and regional languages. Recording of oral communication, if any, must be preserved.
- The committee suggests that the loan agreement should incorporate the time limit (maximum one month) within which the surplus, if any, from the auction of gold would be refunded to the customers, failing which the company should be required to pay interest, as may be stipulated by the RBI. Surplus from the auction of gold must be credited to the account of the borrower.

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

Loan to Value Ratio (LTV)

LTV ratio describes the size of a loan which is taken out compared to the value of the asset securing the loan. Lenders and others use LTVs to determine how risky a loan is. A higher LTV ratio suggests more risk because the assets behind the loan are less likely to pay off the loan as the LTV ratio increases. The LTV ratio has been capped at 75% for traditional banks and NBFCs. RBI regulations state that - gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. If the gold is of purity less than 22 carats, the collateral should be translated into 22 carat value and exact grams need to be valued. Loan against bullion, units of Exchange-Traded Fund (ETF) and units of gold mutual funds is not permitted. This standardisation and increased transparency of LTV calculations across the organised sector has meant healthy businesses for NBFCs.

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

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

i. NBFCs shall maintain a Loan-to-Value (LTV) Ratio not exceeding 75% for loans granted against the collateral of gold jewellery; provided that the value of gold jewellery for the purpose of determining the maximum permissible loan, amount shall be the intrinsic value of the gold content therein and no other cost elements shall be added thereto.
ii. NBFCs shall disclose in their balance sheet the percentage of such loans to their total assets.
iii. NBFCs shall not grant any advance against bullion/ primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

Know Your Customer (KYC)

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

For verification purposes, a customer needs to submit the following: government issued identity proof (passport, PAN card, voter's ID or driving license, along with passport size photographs), address proof (either electricity bill, ration card or telephone bill) and signature proof. The NBFCs are now allowed to make use of e-KYC

which uses Aadhaar card validation. The move towards e- KYCs is meant to reduce risk of fraud and forgery as well as improve application processing speeds.

Changes in classification of Non-Performing Asset

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

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

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

Provisioning Policy for Systemically Important Non-Deposit taking NBFC

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

Source: RBI Circular

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

Asset Classification	Provisioning Policy
Standard Asset	0.25% of outstanding
Sub-standard Assets	10% of outstanding
Doubtful Assets	100% of unsecured portion + 20% - 50% of secured portion
Loss Assets	100% provided if not written off

Source: RBI Circular

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

Impact of GST on purchase of Gold Jewellery

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

Gold Monetisation Scheme (GMS)

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

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

KEY RISKS IN GOLD LOAN FINANCING

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

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

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

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

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

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

disbursements up to certain value in cash with high daily cash turnover. It is crucial to cover the risk of losing collateral and cash adequately and effectively through insurance.

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

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

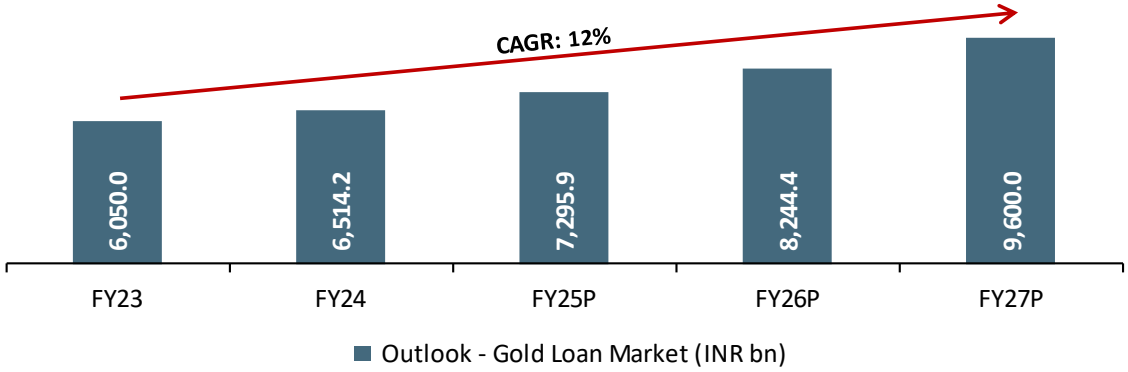
OUTLOOK IN THE GOLD MARKET IN INDIA

Outlook of the Gold Loan Market in India

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

Demand for gold loans, both through banks and NBFC, has grown in response to the economic impact of the COVID-19 pandemic. The need for quick credit among small businesses will further spur gold loans' growth post the pandemic. With the credit demand expected to rise, the organized gold loan industry is expected to grow over the next few years at a CAGR of 12% from INR6,050.0bn in FY23 to INR9,600bn in FY27P which would be driven by gold loan NBFCs moving into non-southern Indian territories, improving penetration, improving product awareness, and building brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow. Gold loan industry AUM projection from FY23 to FY27P is provided below:

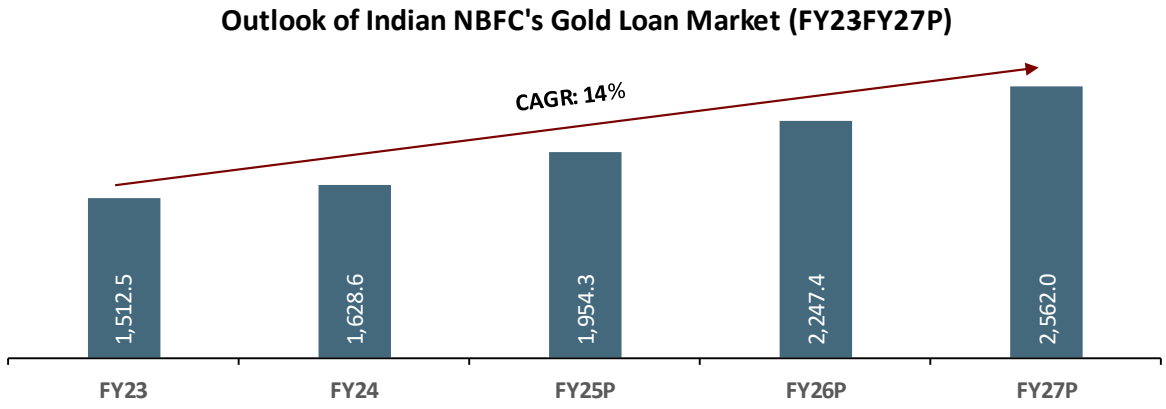
Outlook of gold loan market of organised players (FY23 - FY27P)



Source: FSIAPL

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

convenient, compared to personal loans. Organized players are adopting marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which are in the range of 25-50%) especially in rural parts. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Based on these growth drivers, FSIAPL expects gold loan NBFCs' AUM to grow at 14% CAGR, from INR1,512.5bn in FY23 to INR2,562.0bn in FY27P. Indian NBFC's gold loan AUM projection for the coming 4 years is provided below:



Source: FSIAPL

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

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

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

Source: World Gold Council

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

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

The Indian rupee was at INR 83.24 per US dollar as on 13th November 2024. Amid escalating tensions in Western Asia following Iran's drone and missile assault on Israel in April 2024, the strengthening of the U.S. dollar exerted pressure on currencies from emerging markets around the world. The rise in crude oil prices to nearly a five-month high has exerted some selling pressure on the Indian Rupee, as India is the world's second-biggest oil importer. The escalating geopolitical tensions in the Middle East and Russia-Ukraine might further boost crude oil prices and drag the Indian Rupee lower. However, the robust Indian economic data and optimistic outlook for the Indian economy might limit the Indian Rupee's downside. Also, to curb the weakening of the rupee, the Reserve Bank of India (RBI) stepped into the foreign exchange market, dispersing dollars to banks under state ownership.

Higher inflation leads to increase in expenses and lesser savings thereby affecting personal finances. Higher inflation over a period can cause higher interest rates, thereby making loans expensive. A weak rupee against

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

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

RBI is among the 10th largest holder of gold reserves among central banks globally, according to the latest WGC report with USA and Germany among the top holders ever since uncertainty over the dollar outlook mounted after the US-China trade war concerns in 2018, central banks across the globe started buying gold to diversify their foreign exchange reserves base. RBI also started buying gold after a long gap (after Nov 2009). The surge in foreign inflow and low yield on overseas sovereign bonds may have led to RBI buy gold. As per the World Gold Council's report, central banks globally hold approximately 17% of all gold that has been extracted, with their reserves exceeding 36,699 metric tons (MT) at the end of 2023. The bulk of this accumulation has occurred in the last 14 years, as they turned into net purchasers of gold starting in 2010. As of September 27, 2024, the Reserve Bank of India's foreign exchange reserves included 853.64 tonnes of gold, an increase from 803.6 tonnes at the end of October 2023, based on the most recent figures. The Bank of England safeguards over half of the gold reserves of the RBI in secure storage abroad.

The RBI has transported over 100 tonnes of gold from the United Kingdom to its domestic vaults in May 2024. Plans are in place to potentially repatriate more gold on an annual basis. This marks the first significant addition of the precious metal to the domestic reserves since 1991. Over half of the Reserve Bank of India's gold holdings are securely kept abroad with the Bank of England and the Bank for International Settlements (BIS), with about one third of these reserves maintained within the country. It is anticipated to reduce the storage expenses that the RBI currently incurs at the Bank of England. As per the annual data released by the RBI, the central bank's foreign exchange reserves included 853.64 tonnes of gold as of September 27, 2024, showing an uptick from the 803.6 tonnes recorded at the the end of October 2023.

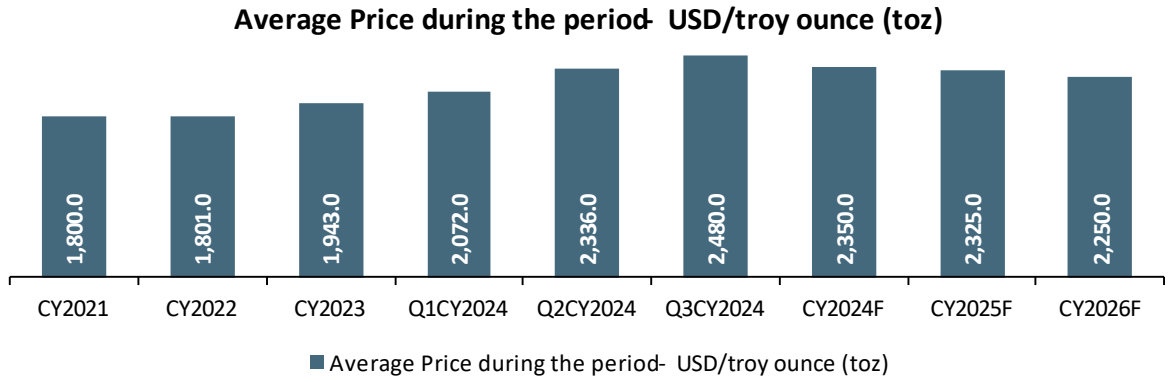
The RBI decision to buy gold is significant because unlike Central banks it does not regularly trade in gold although the law permits it do so. The RBI's decision to buy gold is probably a decision for diversification of assets for deployment keeping in mind the evolving global risks due to rising policy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

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

KEY CHALLENGES FACED BY THE GOLD LOAN INDUSTRY

Volatility in Gold prices

Volatility in the gold prices has impact on the performance of the gold loan market. Though gold prices were increasing, it is expected to decrease over the long term. As per the Pink Sheet of World Bank Commodities Price Data of November 2, 2024, quarterly average price of gold was at USD2,072.0 per toz in Q1CY2024 and has increased to USD2,480.0 per toz in Q3CY2024. As per the World Bank Commodity Markets Outlook of October 2024, the global prices of gold are expected to increase from USD1,943.0 per toz in CY2023 to USD2,250.0 per toz in CY2026F. With increase in LTV, the asset portfolio of gold finance companies become more vulnerable if gold price crash suddenly. This is because the safety margin reduces with higher LTV. Banks would be exposed to greater risk due to higher LTV.



Source: World Bank Commodities Price Data -The Pink Sheet, World Bank - Commodity Markets Outlook, April 2024
Note: F - Forecast

Regulatory pressure

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

Security Threats and Risks of Theft

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

Lack of financial literacy among rural customers

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

Young Indians attraction to alternative jewelry

India is the largest consumer of gold in the world. From last few years the young population of India is more inclined towards high-end designer and gem-set jewellery with a preference to platinum and diamonds. This indicates buying patterns are shifting and the demand for plain gold jewellery is declining especially in the urban areas. As per industry reports, India is the world's fourth largest platinum market and customers have the

assurance of buy-back like gold ornaments. In recent times, diamonds are also gaining equal popularity to gold as an investment option. Further, the Indian Commodity Exchange is offering a Systematic Investment Plan to acquire precious stones for retail buyers. Since, the last seven years, gold and platinum have appreciated by a similar extent. All these are indicators of slightly diminishing popularity of gold amongst the urban youth in urban markets.

Change in Savings Pattern

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

Data Security

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

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

- **Confidentiality** - Ensuring access to sensitive data to authorized users only.
- **Integrity** - Ensuring accuracy and reliability of information by ensuring that there is no modification without authorization.
- **Availability** - Ensuring that uninterrupted data is available to users when it is needed.

Authenticity - For information security it is necessary to ensure that the data, transactions, communications, or documents (electronic or physical) are genuine.

OUR BUSINESS

Unless otherwise indicated or unless the context otherwise requires or in respect of certain operation data, the financial information for the Fiscal 2024, 2023 and 2022 included herein is derived from the Audited Financial Statements as included in this Draft Prospectus. You should read the following discussion in conjunction with our Audited Financial Statements. We publish our financial statements in Indian Rupees. Our Financial Year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Financial Year are for the 12 months ended March 31 of that year.

Some of the information contained in the following discussion, including information with respect to our strengths and strategies, contain forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to such statements, "Risk Factors" on page 16 for a discussion of certain factors that may affect our business, financial condition or results of operations and also "Industry Overview" and "Financial Information" on pages 65 and 142 respectively. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

In this section, unless the context otherwise requires, references to "we", "us", "our", "the Company" or "our Company" refer to Muthoot Mercantile Limited.

The industry-related information contained in this section is derived from the Fitch Report, which has been exclusively commissioned and paid for by our Company only for the purposes of confirming our understanding of the industry in connection with the Issue.

Overview

We are a non-deposit taking non-banking financial company- base layer (NBFC – Base Layer) registered with the RBI bearing registration no. N-16-00178 dated December 12, 2002 under section 45-IA of the RBI Act primarily engaged in the gold loan sector lending money against the pledge of household and/or used gold jewellery ("**Gold Loan**") primarily to retail customers who require immediate availability of funds, but who do not have access to formal credit on an immediate basis and are also engaged in providing unsecured loans ("**Pronote Loan**") to individual customers for their personal needs. As of November 30, 2024, we disbursed Gold Loan and Pronote Loan to our customers from a network of 267 branches of our Company in 11 states and union territories of India namely Tamil Nadu, Kerala, Delhi, Haryana, Maharashtra, Madhya Pradesh, Odisha, Punjab, Uttar Pradesh, West Bengal and Rajasthan. As of November 30, 2024, we employed 939 persons in our operations. Our branches function as the key point of contact for loan origination, disbursement, and collection processes as well as facilitating customer interaction

We are headquartered in the south Indian state of Kerala. Our Company commenced operations from Thiruvananthapuram, Kerala and have decades of established history in the money lending business, mainly in small-scale money lending against household and/or used gold jewellery. Our operating history has evolved over a period of 84 years since late M. Ninan Muthoot (the father of our Promoter, Mathew Mathaininan) founded a gold loan business in 1939 under the heritage of a trading business which was originally established in the year 1925. Since our formation, we have broadened the scale and geographic scope of our gold loan operations. For Six month period ended September 30, 2024, Fiscal 2024, 2023 and 2022, our interest income from our Gold Loan business constituted 95.52% , 95.27%, 96.58% and 98.66% and respectively of our total income. Historically, we have also provided other related services, including asset finance, money transfer and foreign exchange, sales of gold coins and business and personal lending. Our Company was incorporated as a Public Limited Company in the year 1997 and was registered as a NBFC by the Reserve Bank of India in the year 2002. We are also having arrangements with various agencies and brokers for Money Transfer and Insurance Business.

Our Gold Loan portfolio as of September 30, 2024 comprised approximately 1.46 lakh customers aggregating a principal amount of ₹ 74,738.28 lakhs in Gold Loan, which accounted for 99.30% of our total loans. Our Gold Loan portfolio as of Fiscal 2024, Fiscal 2023, and Fiscal 2022 had outstanding principal amounting to ₹ 64,659.27 lakhs, ₹49,469.77 lakhs, and ₹33,255.80 lakhs respectively and has grown at a CAGR of 39.44% from Fiscal 2022 to Fiscal 2024.

We have developed various Gold Loan schemes, which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the quantum of the loan, to meet different needs of various customers. Our

Gold Loan customers are largely individuals from rural, semi-urban areas and metro cities, including, Mumbai and Delhi, who typically require funds for social obligations, emergencies, agriculture-related activities, small scale business operations or consumption purposes.

We believe that our focus on non-organized sections of society and our faster turn-around time are among the factors which distinguish us from banks. Loan amounts advanced by us are generally in the range of ₹1,000 to ₹100.00 lakhs per loan transaction. All our Gold Loan had a maximum tenure of 12 months. Our Gold Loan portfolio yield for Six months period ended September 30, 2024 (representing interest income on Gold Loan as a percentage of average outstanding at September 30, 2024), was 19.58% annualized.

We also provide Pronote Loan which are unsecured loans to our existing customers for their personal needs including consumption needs. Our Pronote Loan portfolio as of September 30, 2024 had outstanding principal amount of ₹ 523.31 lakhs, which accounted for 0.70% of our total loans outstanding.

The following table sets forth certain key financial measures for us as of/for the years/period indicated:

(₹ in lakhs)

Metric	**Six months period ended**	**As of and for the financial year ended March 31,**		
	September 30, 2024	**2024**	**2023**	**2022**
Gold Loan	74,738.28	64,659.27	49,469.77	33,255.80
Pronote Loan	523.31	1,654.74	1,269.02	596.13
Total AUM	75,261.59	66,314.01	50,738.79	33,851.93
Growth rate of AUM (Annualized)	26.99%	30.70%	49.88%	18.91%
Gross NPA	475.11	346.14	139.16	123.56
Gross NPA (%)	0.63%	0.52%	0.27%	0.37%
Net NPA	438.11	248.51	58.20	111.08
Net NPA (%)	0.58%	0.37%	0.11%	0.33%
Average Interest Margin (Interest Income/ Avg. AUM)	19.58%	21.83%	22.01%	21.25%
Capital Adequacy Ratio (%)	25.61%	29.82%	37.93%	47.66%
Net worth	16,902.20	15,858.04	13,556.33	11,737.31

Historically, we have raised capital by issuing secured non-convertible debentures on a private placement basis, subordinated debt, loans from banks and financial institutions. As of Six months period ended September 30, Fiscal 2024, 2023 and 2022, our total outstanding debt was ₹ 69,518.04 lakhs, ₹ 54,430.40 lakhs, ₹43,771.83 lakhs, and ₹27,864.39 lakhs respectively and our finance cost was ₹ 3,317.67 lakhs, ₹5,262.98 lakhs, ₹3,271.94 lakhs, and ₹2,207.48 lakhs respectively.

Key Operational and Financial Parameter based on the Audited Financial Statements and unaudited Financial Results

A summary of our key operational and financial parameters for the last three completed financial years of the Company and Six months period ended September 30, 2024 on a standalone basis are as under:

A. Based on the Unaudited Financial Results-

Details for key operational parameters for the six months period ended September 30, 2024

(In ₹ lakhs)

Particulars	**September 30, 2024**

BALANCE SHEET	
Assets	
Property, Plant and Equipment	729.55
Financial Assets	89,945.85
Non-financial Assets excluding property, plant and equipment	4,838.96
Total Assets	**95,514.36**
Liabilities	
Financial Liabilities	
-Derivative financial instruments	127.02
-Trade Payables	145.04
-Debt Securities	27,499.47
-Borrowings (other than Debt Securities)	21,669.63
-Subordinated liabilities	22,771.15
-Other financial liabilities	5675.73
Non-Financial Liabilities	
-Current tax liabilities (net)	1.17
-Provisions	126.12
-Deferred tax liabilities (net)	-
-Other non-financial liabilities	44.68
Equity (Equity Share Capital and Other Equity)	17,454.35
Total Liabilities and Equity	**95,514.36**
PROFIT AND LOSS	
Revenue from operations	7096.87
Other Income	47.77
Total Income	**7,144.64**
Total Expense (including tax expense)	6,079.26

Profit after tax for the year	1,065.38
Other Comprehensive income	(77.21)
Total Comprehensive Income	988.17
Earnings per equity share (Basic)	2.93
Earnings per equity share (Diluted)	2.93
Cash Flow	
Net cash from / used in(-) operating activities	(6,609.90)
Net cash from / used in(-) investing activities	(2,190.79)
Net cash from / used in (-)financing activities	14,054.71
Net increase/decrease(-) in cash and cash equivalents	5,254.02
Cash and cash equivalents as per Cash Flow Statement as at end of the Financial Year	6,320.29
Additional Information	
Net worth	16,902.20
Cash and cash equivalents	6,320.29
Loans	77,987.54
Loans (Principal Amount)	75,261.59
Total Debts to Total Assets	0.75
Interest Income	7,026.67
Interest Expense	3,317.67
Impairment on Financial Instruments	113.12
Bad Debts to Loans	-
% Stage 3 Loans on Loans (Principal Amount)	0.63%
% Net Stage 3 Loans on Loans (Principal Amount)	0.58%
Tier I Capital Adequacy Ratio (%)	19.18%
Tier II Capital Adequacy Ratio (%)	6.43%

B. Based on the Audited Ind AS Financial Statements

Particulars	Fiscal 2024
BALANCE SHEET	
Assets	
Property, Plant and Equipment	642.01
Financial Assets	73,937.44
Non-financial Assets excluding property, plant and equipment	5,325.88
Total Assets	**79,905.33**
Liabilities	
Financial Liabilities	
-Derivative financial instruments	-
-Trade Payables	119.74
-Debt Securities	14,050.62
-Borrowings (other than Debt Securities)	19,271.94
-Subordinated liabilities	20,978.08
-Other financial liabilities	7,786.49
Non-Financial Liabilities	
-Current tax liabilities (net)	930.86
-Provisions	117.92
-Deferred tax liabilities (net)	-
-Other non-financial liabilities	91.74
Equity (Equity Share Capital and Other Equity)	16,557.95
Total Liabilities and Equity	**79,905.33**
PROFIT AND LOSS	
Revenue from operations	12,993.00
Other Income	184.91
Total Income	**13,177.91**

Particulars	Fiscal 2024
Total Expense	**10,658.32**
Profit after tax for the year	**2,519.60**
Other Comprehensive income	11.77
Total Comprehensive Income	**2,531.37**
Earnings per equity share (Basic)	**8.25**
Earnings per equity share (Diluted)	**8.25**
Cash Flow	
Net cash from / used in(-) operating activities	(10,875.19)
Net cash from / used in(-) investing activities	(1,737.57)
Net cash from / used in (-)financing activities	9,125.46
Net increase/decrease(-) in cash and cash equivalents	(3,487.29)
Cash and cash equivalents as per Cash Flow Statement as at end of year/period	1,066.27
Additional Information	
Net worth	15,858.04
Cash and cash equivalents	1,066.27
Loans	66,138.56
Loans (Principal Amount)	66,314.01
Total Debts to Total Assets	67.96%
Interest Income	12,777.58
Interest Expense	5,262.98
Impairment on Financial Instruments (ECL Provision)	102.38
Bad Debts to Loans	-
% Stage 3 Loans on Loans(Principal Amount)	0.52%
% Net Stage 3 Loans on Loans (Principal Amount)	0.37%
Tier I Capital Adequacy Ratio (%)	20.87%
Tier II Capital Adequacy Ratio (%)	8.95%

C. Based on the Audited IGAAP Financial Statements

Particulars	Fiscal 2023	Fiscal 2022
BALANCE SHEET		
Assets		
Property, Plant and Equipment	579.42	423.98
Financial Assets	59,210.68	40,805.52
Non-financial Assets excluding property, plant and equipment	860.46	806.24
Total Assets	**60,650.56**	**42,035.74**
Liabilities		
Financial Liabilities		
-Derivative financial instruments	-	-
-Trade Payables	-	-
-Debt Securities	5,173.97	4,495.85
-Borrowings (other than Debt Securities)	18,174.31	8,006.66
-Subordinated liabilities	20,423.55	15,362.54
-Other financial liabilities	2,045.70	1,329.29
Non-Financial Liabilities		
-Current tax liabilities (net)	677.28	614.13
-Provisions	320.83	193.43
-Deferred tax liabilities (net)	-	-
-Other non-financial liabilities	278.49	296.53
Equity (Equity Share Capital and Other Equity)	**13,556.33**	**11,737.31**
Total Liabilities and Equity	**60,650.56**	**42,035.74**
PROFIT AND LOSS		
Revenue from operations	9,430.97	6,673.83
Other Income	35.86	28.56
Total Income	**9,466.83**	**6,702.38**
Total Expense	**7,647.81**	**4,999.96**
Profit after tax for the year	1,819.02	1,702.42
Other Comprehensive income	NA	NA
Total Comprehensive Income	NA	NA
Earnings per equity share (Basic)	6.18	5.79
Earnings per equity share (Diluted)	6.18	5.79

Particulars	Fiscal 2023	Fiscal 2022
Cash Flow		
Net cash from / used in(-) operating activities	(15,544.08)	(3,269.11)
Net cash from / used in(-) investing activities	756.82	(1,320.47)
Net cash from / used in (-)financing activities	15,876.63	7,851.06
Net increase/decrease(-) in cash and cash equivalents	1,089.37	3,261.48
Cash and cash equivalents as per Cash Flow Statement as at end of year/period	4,553.66	3,464.29
Additional Information		
Net worth	13,556.33	11,737.31
Cash and cash equivalents	4,553.66	3,464.29
Loans	50,738.79	33,851.92
Loans (Principal Amount)	50,738.79	33,851.92
Total Debts to Total Assets	75.58%	69.50%
Interest Income	9,310.02	6,622.15
Interest Expense	3,271.94	2,207.48
Impairment on Financial Instruments	-	-
Bad Debts to Loans	-	-
% Stage 3 Loans on Loans (Principal Amount)	NA	NA
% Net Stage 3 Loans on Loans (Principal Amount)	NA	NA
Tier I Capital Adequacy Ratio (%)	25.13%	31.62%
Tier II Capital Adequacy Ratio (%)	12.80%	16.04%

Note: 1) Items such as Other Comprehensive income, Total Comprehensive Income, Stage 3 loans were not to be disclosed as per the financial statements prepared under IGAAP so the items are disclosed as "NA" ("Not Applicable").

2) Stage 3 Loans were not disclosed in the Audited Financial Statements for the financial years ended on March 31, 2023, and March 31, 2022, respectively as it was not required to be disclosed under IGAAP. The NPA position as on March 31, 2023, and March 31, 2022 are as under:

Particulars	For the financial years ended	
	March 31, 2023	March 31, 2022
Gross NPA (%)	0.27%	0.37%
Net NPA (%)	0.11%	0.33%

3) Total Debts to Total assets = Debt securities + Borrowings (other than debt securities) + Subordinated liabilities/ Total Assets

4) Networth = Total Equity (-) Unamortised expenses of Public issues, term loans (-) Prepaid Expenses (-) Deferred Tax Assets

Competitive Strengths

We believe that the following are our key strengths:

Strong brand name, track record in India with a long operating history

We are headquartered in the south Indian state of Kerala. Our Company commenced operations from Thiruvananthapuram, Kerala and have decades of established history in the money lending business, mainly in small-scale money lending against household and/or used gold jewellery. Our operating history has evolved over a period of 84 years since late M. Ninan Muthoot (the father of our Promoter, Mathew Mathaininan) founded a gold loan business in 1939 under the heritage of a trading business which was originally established in the year 1925. Since our formation, we have broadened the scale and geographic scope of our gold loan operations. We have established an effective process for origination, monitoring and collecting receivables through our branches and believe that has helped created a strong brand image in the Gold Loan market by catering to the expectations of our Gold Loan customer. Promoted by the Muthoot family, we believe that our long operating history, track record, management expertise and Promoters support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals who entrust us with their gold jewellery and will be key in allowing us to further expand business operations across India.

Our Gold Loan portfolio as of September 30, 2024, comprised approximately 1.46 lakhs customers aggregating a principal amount of ₹ 74,738.28 lakhs in Gold Loan, which accounted for 99.30% of our total loans. We attribute our growth, in part, to our market penetration, particularly in areas less served by organized lending institutions and the efficient and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which makes us a preferred mode of finance for our customers. We also attribute our growth to customer loyalty which in turn leads to repeat business. We believe that a large portion of our customer base returns to us when they are in need of funds.

Flexible loan schemes, high quality customer service and short response time

We believe the growth in our Gold Loan portfolio is partly due to the flexible gold loan schemes which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the quantum of the loan, to meet different needs of various customers. Depending on the needs of each customer, we are able to customize loans for our customers in terms of the loan amount, advance rate per gram of gold and interest rate. We also allow customers to prepay their loans availed from us without penalty. Further, we also provide shorter tenure loans which is up to 12 months (depending on the customer's requirement) at the discretion of the Company, to facilitate lower interest burden on the customers. The LTV varies across the various Gold Loan schemes and is dependent on the specific scheme opted for by a customer.

Our products and services are aligned to the lifestyle and needs of our customers. We adhere to a strict set of market survey and location guidelines at the time of selecting branch sites to ensure that our branches are set up close to our customers. We provide our customers with a transparent process and a clean, attractive and secure environment in which to transact their business, and we believe that our staff is professional, adequately trained and attentive at all our branch locations. Each of our branches is staffed with customer representatives who possess local knowledge and understanding of customers' needs. In addition, we strive to complete our Gold Loan transactions within a short time frame, which we believe is an important component in our competitive edge over other lenders. We believe that we are able to process Gold Loan within a short time frame as a result of our efficient technology support, skilled workforce and clear policies on internal processes. Although the duration for disbursement may vary due to the loan size and the number of items pledged, we have the ability to disburse loans within short period from the time gold is tendered to the appraiser.

Furthermore, since our Gold Loan are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which also shorten our turnaround time and increases the ease with which our customers can do business with us. We believe our high quality customer service and short response time are significant competitive strengths that differentiate our services and products from those provided by other lenders including commercial banks.

Geographical reach of our branch network

We have steadily expanded our branch network in the past, which we believe has provided us with an advantage over our competitors. The total number of branches of our Company grew from 178 branches in 9 states and union territories of India as at March 31, 2022 to 267 branches in 11 states and union territories as at November 30, 2024. Although we have historically had most of our branches in the states of Kerala, we have expanded our branch network to the other states and currently have 182 branches in states other than Kerala as on November

30, 2024. Our customers are typically retail customers, small business persons, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail our credit facilities by pledging their gold with us rather than taking loans from banks and other financial institutions. A significant proportion of our branches are located in rural locations and in semi-urban locations. We believe that we have a wide reach in rural markets in this category. Our reach in rural and semi-urban locations gives us an added advantage of being able to reach a large set of potential rural customers. In order to manage our expanding operations as well as our increased customer base, we have developed a proprietary technology framework that provides an integrated, robust platform to run our operations and scale our branch network. We intend to continue to develop our technology framework in order to equip ourselves for further growth of our business.

Experienced Management Team and Skilled Personnel

Our Promoters and Key Managerial Personnel have extensive experience and in-depth industry knowledge in the gold loan business and we believe that their considerable knowledge of, and experience in, the industry enhances our ability to operate effectively. Our staff, including professionals, covers a variety of disciplines, including gold appraisal, internal audit, technology, accounting, marketing and sales. Mathew Mathaininan is a Mechanical Engineering graduate with a work experience of more than 60 years in the financial services and chitty business. Our Managing Director Richi Mathew is a Computer Engineering graduate, has a work experience of more than 20 years in the Financial Sector.

We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage. Our management has experience in identifying market trends and suitable locations for expanding and setting up branches to suit our target customers. Our management further promotes a result-oriented culture that rewards our employees on the basis of merit. Our workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with us and we conduct periodic training programs to augment their knowledge and efficiency in performing this task. In order to strengthen our credit appraisal and risk management systems and to develop and implement our credit policies, we have hired a number of senior managers who have extensive experience in the Indian banking and financial services sector and in specialized finance firms providing loans to retail customers.

Effective internal controls and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to our business.
We believe that we have effective internal controls and risk management systems that allow us to assess and monitor risks across our business lines. Our lending functions are supported by an in-house, custom developed information technology platform that allows us to, among other things, record relevant customer details, approve and disburse the loan, manage access to the strong rooms at all our branches from our head office. Our technology platform also handles internal audit, risk monitoring and management of the relevant loan and pledged gold related information. Our internal audit is carried out by a team of gold inspectors and internal auditors specially identified for the purpose based on a schedule fixed by the risk management team in our head office. Our Board has constituted various committees, including the Audit Committee, Asset Liability Management Committee and Risk Management Committee, to monitor and manage risks at various levels. For details of Committees, please refer to section titled '*Our Management*' on page 125. We place emphasis on risk management measures to maintain an appropriate balance between risk and return and have taken steps to implement comprehensive policies and procedures to identify, measure, monitor and manage risks. New loan schemes under loan products are launched as approved in meeting of the management team consisting of heads of departments. Such meetings are held as required and approvals are granted taking into account the lending policy approved by the Board. We believe that we have effective procedures for evaluating and managing the market, credit and other relevant risks.

Strategy

Our business strategy is designed to capitalize on our competitive strengths and enhance our market position in the Gold Loan industry. Key elements of our strategy include:

Further strengthen and grow our Gold Loan business

Historically, Indians have been one of the largest consumers of gold due to the strong preference for gold jewellery among Indian households and its widespread use as a savings instrument. Further, the market for our

loan products was traditionally confined to lower and middle income groups, who viewed Gold Loan as an option of the last resort in case of instant requirement of money. As per report issued by FSIAPL, factors such as lack of reach of banking to rural and lower-income groups, rising consumerism in rural areas, changing attitudes towards Gold Loan, ease of availability of Gold Loan, untapped opportunities in the non-south regions and lower default rates could lead to exponential growth in Gold Loan business at a CAGR of 12% till Fiscal 2027. We have undertaken and intend to continue undertaking sustained marketing efforts to diminish the stigma attached to pledging gold jewellery in India and further capture the untapped opportunity. We continue to work to position Gold Loan as a convenient or lifestyle product and expand our customer base to include upper-middle income and upper income groups. We continue to emphasize our Gold Loan products' key advantages of expediency and minimal documentation, and alter the image of Gold Loan from an option of the last resort to an option of convenience.

We believe that we have built a recognizable brand in the rural and semi-urban markets of India, largely in the southern states of Kerala and Tamil Nadu and are growing our presence in Maharashtra, Delhi, Haryana, Orrisa, Punjab and other parts of India. We intend to leverage on our well connected branch network to strengthen our position in existing markets and reach out to customers in newer markets. To further strengthen our brand equity, we have a planned and consistent marketing approach based on long term as well as short term marketing goals.

Expand branch network and geographical reach

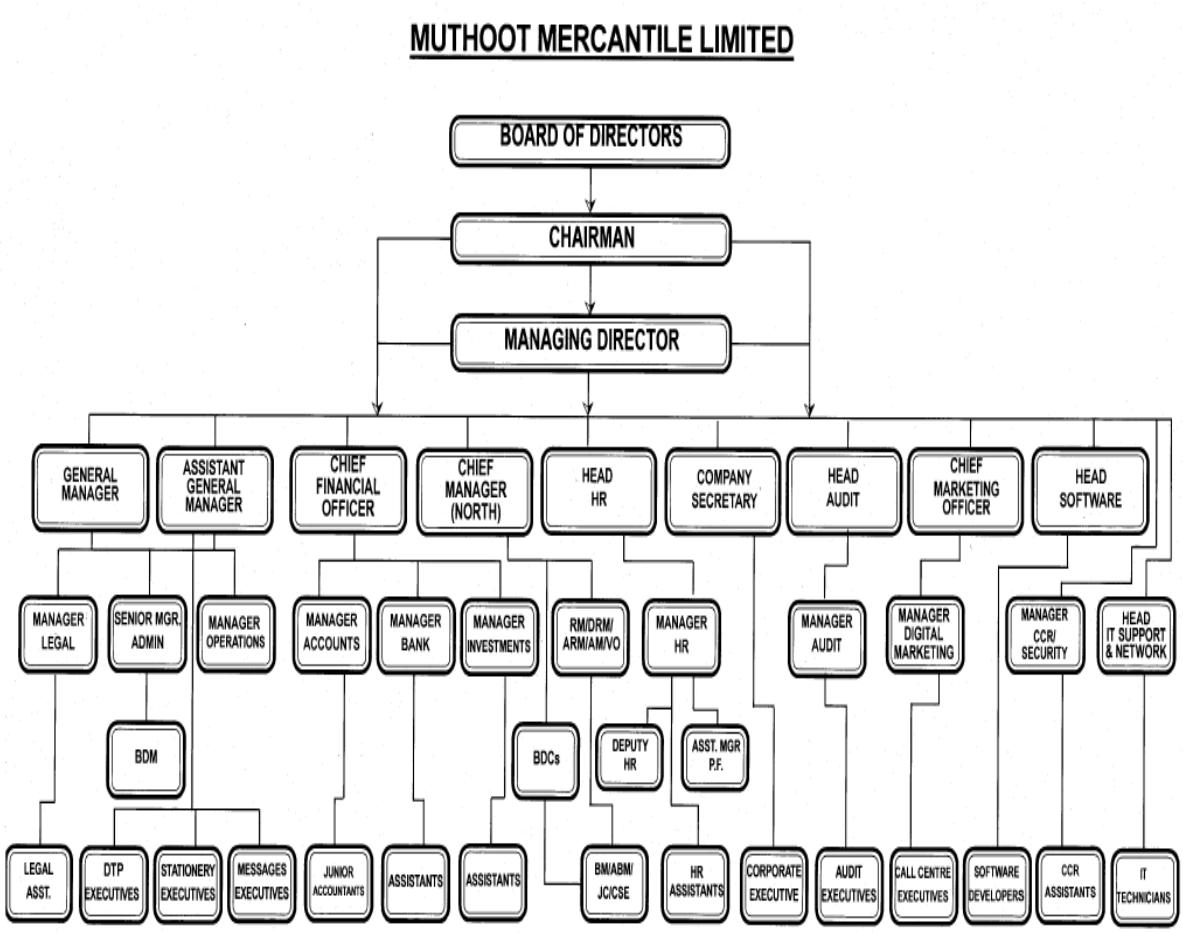
We intend to continuously grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. We have a long-standing presence in southern India and have expanded operations in other states than southern India. Our strategy for branch expansion includes further strengthening our market position in south Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in Kerala and Maharashtra. We also seek to enhance our presence in other regions of India, particularly in northern and western India, where we intend to open branches in most states. As a strategy, we will continue to leverage on the brand image and reputation of ‘Muthoot Ninan Group’ to further expand our business operations. We had 178 branches in Fiscal 2022 and have added 39 branches and 25 branches in Fiscal 2023 and Fiscal 2024, respectively. Subsequently, we have opened 25 branches as of November 30, 2024 and our Company had a total of 267 branches located across 11 states and union territories of India. Based on our branch expansion strategy, we expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. We also intend to increase our efforts on increasing the number of customers in our existing branches, thereby increasing our loan portfolio while continuing to expand our branch network.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the Gold Loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. For example, we have installed surveillance cameras in all our branches across India, centralised control on access to strong rooms. Furthermore, we intend to continue to train existing and new employees in appraisal skills, customer relations, communication skills and risk management procedures, update our employees with latest developments to mitigate risks against frauds, cheating and spurious gold and strengthen their gold assessment skills.

Corporate Structure

The following diagram sets out an overview of our group structure as of the date of this Draft Prospectus:



Our Business Operations

Our Gold Loan Business

Our core business is providing Gold Loan, which are typically small ticket loans secured by the pledge of household, and/or used gold jewellery. Loan amounts advanced by us are typically within the range of ₹ 1,000.00 to ₹ 100 lakhs per loan transaction and are typically for short tenor of up to 12 months. However, there is no maximum limit on the amount of Gold Loan to be advanced to any customer. As of Six months period ended September 30, 2024, Fiscals 2024, 2023 and 2022, we had Gold Loan outstanding aggregating to 74,738.28, ₹ 64,659.27 lakhs, ₹49,469.77 lakhs, and ₹33,255.80 lakhs in principal amount.

We are able to offer a variety of Gold Loan schemes to our customers to suit their individual needs. We have developed various Gold Loan schemes which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the quantum of the loan, to meet different needs of various customers. The schemes differ in relation to the amount advanced per evaluated gram of gold, the interest rate chargeable, the number of days the scheme is valid and the amount of the loan. The elements of a scheme do not remain constant and are dependent on external factors such as the market price of gold, our cost of funds, the advance and the rate of interest that is offered by our competitors.

In the Fiscals 2022, 2023, 2024 and as on Six months period ended September 30, 2024 our gross Gold Loan portfolio yield representing net interest income on gross Gold loan as a percentage of gross average outstanding of Gold Loan were 21.43%, 22.10%, 22.00%, and 19.58% per annum respectively. In Fiscals 2022, 2023, 2024 and as on six months period ended September 30, 2024 interest income from Gold Loan constituted 98.66%, 96.58%, 95.27 % and 95.52% respectively, of our total revenue. For Fiscal 2024, the average loan amount advanced by us was approximately ₹0.53 lakhs per loan transaction respectively.

Loan Disbursement Process

The principal form of security that we accept is household, gold jewellery. The RBI Master Directions provide that NBFCs shall not grant any advance against primary gold, gold bullion, gold coins and bars, units of Exchange Traded Funds (ETF) and units of gold mutual fund. We restrict acceptance of jewellery from other money lenders. Our internal policies have been suitably modified to ensure the same. While these restrictions narrow the pool of assets that may be provided to us as security, we believe that it provides us with the following key advantages:

- It filters out spurious jewellery that may be pledged by jewellers and goldsmiths. We find that household, used jewellery is less likely to be spurious or fake.
- The emotional value attached by each household to the pledged jewellery acts as a strong incentive for timely repayment of loans and revoking the pledge.
- As we only accept the pledge of household jewellery, the value of the pledged gold is typically only as much as the worth of gold that is owned by an average Indian household. This prevents our exposure to large-sized loans where the chances of default and subsequent losses are high.

The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by customers based on our centralized policies and guidelines. We generally lend up to 75.00% of the value of jewellery (basis the category of gold loan scheme of the 22 carat gold price based on 30 days average price of 22 carat gold declared by India Bullion and Jewellers Association Limited, as per RBI guidelines). As per our internal Gold Loan manual, we do not accept household gold jewellery below 19 carats as security for Gold Loan.

The actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the gold jewellery solely based on its gold content. Our Gold Loans are, therefore, generally well collateralized because the actual value of the gold jewellery is higher than our appraised value when the loan is disbursed. The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. An increase in the price of gold will not automatically result in an increase in the value of our Gold Loan portfolio unless the rate per gram is revised by our Registered Office. It only results in a favourable movement in the value of the security, pledged with us. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans, on average, a decrease in the price of gold generally has little impact on our interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold Loans in our loan portfolio.

All our Gold Loans have a maximum term of 365 days. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed pledged gold is disposed off, on behalf of the customer in satisfaction of the principal and interest charges. Any surplus arising out of the disposal of the pledged gold is refunded to the customer or is appropriated towards any other liability by the borrower. In the event that the recoverable amount is more than the realizable value of the pledged gold, the customer remains liable for the shortfall.

We make provisions for losses that we believe are not recoverable from the customer when the respective loans remain outstanding after 90 days from the date of agreed tenor of the loan.

The processes involved in approving and disbursing a Gold Loan are divided into three phases:

- Pre-disbursement,
- Post-disbursement;

  and

- Release of the pledge

Pre-Disbursement

Pre-disbursement processes include all the actions that are carried out from the moment a customer enters any of our branches for procuring a Gold Loan until the customer receives the loan amount and include the following:

Identification and Appraisal of the Customer

Gold Loans are sanctioned only to genuine borrowers. Gold loans are sanctioned only to genuine borrowers. Compliance with the KYC policies ensures that the personal data provided by a particular customer is accurate. For all loans, the customer must provide a document that confirms the customer's identity, which could be a Government issued document, such as a passport, driver's license, PAN card, voter identification card, ration card or UIDAI card (Aadhar) and proof of address required. For mandatory compliance of KYC norms, as mandated by RBI and easy identification of each borrower, a photograph, proof of identity and address are always obtained. Any KYC document that is received is verified for authenticity. A KYC register is maintained in every branch to enter all KYC related details of our customers. We also maintain and file electronic copies of all KYC documents at each branch, retain a photograph of each customer captured through web-cameras installed in our branches, and confirm the customer's mobile number by generation of a unique identification number through text message at the time of the pledge.

The RBI Master Directions provides that Gold Loan NBFCs have been mandated to insist on a copy of the PAN card of the borrower for all transaction above ₹500,000. Further, where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. Further, it is not necessary to produce original receipts to establish ownership. Instead, a suitable document may be prepared to explain how the ownership is determined and an explicit policy within the overall loan policy must be established by the Company. Our internal policies have been suitably modified to ensure the same.

Appraisal of Gold

The first step in the process is the appraisal or evaluation of the gold to be used as security for the Gold Loan. Once the manager is satisfied regarding ownership of the ornaments, the ornaments would then be appraised by the manager himself and/or other staff members who are assigned with the responsibility of appraising the gold jewellery. The ornaments being tendered are not appraised by any person who is not associated with our Company nor are the ornaments sent out of the concerned branch for appraisal. We use the services of our in-house gold appraisers in case of large value loans. These gold appraisers are professionally qualified for appraising the quality of gold and usually have multiple years of experience in appraising gold.

Several steps are involved in the gold appraisal process. The process of measuring the "fineness", or purity, of gold is referred to as 'assaying'. There are different methods of assaying the purity of gold. We first test the authenticity of the gold in accordance with standard guidelines that are applied across all our branches. This process involves several principal tests, which includes the acid test, the touchstone test, checking for hallmarks and the sound test. As per our policy, all types of stones are ignored, and their weight reduced from gross weight when advancing against ornaments. Sufficient margin is, therefore retained for the approximate weight of such stones and for arriving at eligible loan amount; net weight of the ornaments so arrived at alone is taken into account. Wherever weight of stones cannot be ascertained, such ornaments are avoided. The manager also verifies and satisfies himself that the ornaments have been properly tested for purity and details - gross weight as well as net weight, are correctly noted. He should also confirm correctness of valuation made.

We use weighing machines of high quality at various branches of our Company. Pursuant to RBI Master Directions, in order to standardize the valuation and make it more transparent to the borrower, gold jewellery accepted as collateral shall have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the Indian Bullion and Jewellers Association Limited and value of the jewellery of lower purity in terms of carats shall be proportionately reduced.

Documentation

The standard set of documents that are executed in a typical Gold Loan transaction include the pawn ticket and the applications cum terms and conditions. Basic details of the pledge, such as the name of the customer and the net weight of the jewellery pledged is recorded on the gold loan slip, which is retained by us. The pawn ticket, which contains the details of the customer and the pledged jewellery, is filled in by the employee who appraised the gold and a copy is retained by the customer. The terms and conditions that are contained in the application form empower us to sell the pledged jewellery if the customer defaults on the Gold Loan. After execution of prescribed documents, a loan ticket detailing the particulars of the loan including the details of the items

pledged, rate per gram, interest rate and maturity date is handed over to the customers along with disbursal of the loan.

Post-Disbursement

Custody of the Pledged Gold

The post disbursement process involves the storage of the pledged gold jewellery. The pledged gold jewellery is packed in plastic bag and sealed separately by staff of the branch along with the relevant documents about the loan and the customer are stored in the strong room of the branch. Once lodged in cabinets in the strong room of the concerned branch, the branch head and the assistant branch head are the joint custodians of the gold. The safes and strong rooms in which the gold jewellery is kept are built in accordance with industry practice. The strong rooms are vaults with reinforced concrete cement structures. Separate cupboards are used within the strong rooms for the safe keeping of the gold collateral. The physical stock of pledge packets is also verified and tallied with the general ledger on a fortnightly basis and at the time of internal audit and gold inspection. Pursuant to the RBI Master Directions, the business of granting loans against the security of gold cannot be transacted at places where there are no proper facilities for storage/security of the gold jewellery. Further, no new branches can be opened without suitable storage arrangements having been made.

Inventory Control

Once the pledged gold is packed and moved to the safe or strong room, colour coded stickers are affixed on the packet. Tamper proof stickers are also affixed on the jewellery packets to ensure inventory control. Additional stickers are used to seal packets by persons examining packages subsequently, including our internal auditors. In addition to the colour coding, these stickers also contain details of the persons inspecting the gold. We have procedures in place for random verification of gold packets by the branch heads/ other authorised officers. A separate register is maintained for updating the details of the stickers used by a branch.

Branch Security and Safety Measures

Ensuring the safety and security of the branch premises is vital to our business since cash and gold inventory are stored in each branch. Branch security measures implemented by us include:

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

- Access to the strong room is with the help of two distinct keys, which are in the hands of two different individuals attached to the branch. The strong room has a grill door, joint custody of whose keys are with the Branch Manager and another staff (the "**Joint Custodian**"). Both the branch head and the Joint Custodian hold the keys to grill in the strong room. While this will open the physical locks, as an added security measure, we have installed an electronic lock that can be opened only through "OTP(One-Time-Password)" delivered to the Branch head. This is a unique surveillance measure installed and operationalised by our Company.

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

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

Release of the Pledge

Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. The customer has to be present personally along with the gold loan token, at the branch where the pledge was originally made. The branch will verify the person with the photo taken at the time of pledge and confirm that there is no foul play and the amount to be paid is informed to the customer from the software and clarifies doubts if any on the amount demanded. The customer pays the amount at the cash counter and the ornaments are taken out of the

safe and handed over to the customer after confirming them with the list of ornaments mentioned in the token and gold loan application form.

When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose of the pledged gold to satisfy the amount owed to us, including both the principal and accrued interest. Before starting the recovery process, we inform the customer through registered letters or legal notices.

We also reserve the right, subject to notification to the customer, to sell the pledged gold even before a loan becomes past due in the event the market value of the underlying pledged gold falls below amounts outstanding on the loan. Pursuant to the RBI Master Directions, the following additional stipulations have been made in respect to auctioning of gold jewellery:

(i) Auction should be conducted in the same town or taluka in which the branch that has extended the loan is located and the auction will be conducted only through auctioneers approved and appointed by the Board;

(ii) While auctioning the gold, NBFCs have been mandated to declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85.00% of the previous 30 day average closing price of 22 carat gold as declared by India Bullion and Jewellers Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced;

(iii) NBFCs have been mandated to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower; and NBFCs shall disclose in their annual reports, the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

The situation for auction of the gold ornaments pledged arises only when the borrower has not repaid the dues in spite of the various opportunities given to him by our Company. Thus, auction of the pledged gold ornaments is the last measure resorted by our Company to recover the dues from the borrower. It shall be the practice of our Company to avoid the auction of the ornaments pledged by the customer to the maximum possible extent. Our Company shall follow up with the borrowers for release of the pledged ornaments before putting the same in the auction list by sending registered notice reminding the borrowers. Even after putting the ornaments in the auction list, a last opportunity shall be given to the customer to get the pledged items released by all possible means of settlement.

If the loan is not settled by the customer even after receipt of the registered notice sent in respect of the overdue loans, final auction intimation shall be given to the customer by registered post with acknowledgement due giving him another 15 days' time and intimating him of date and place of auction. This intimation shall contain the details of loan such as the loan number, date of loan, net weight of the ornament pledged, principal amount, interest, additional interest and other charges due from the customer, and total amount due. Our Company keeps the post office receipt towards proof of intimation/ notice to the customer auction shall be announced to the public by issue of advertisement in at least two daily newspapers (one in national and one in vernacular language) and shall be made well in advance before the auction. The auction list shall also be displayed at respective branch office(s).

Pronote Loan

We also offer unsecured loans i.e., Pronote Loan for their personal needs including consumption needs. These types of loans are provided exclusively to existing customers, with eligibility determined by the branch manager's credit assessment and the repayment history of the customer. This assessment helps gauge the customer's capacity to repay both the principal loan amount and the associated interest. Our Pronote Loan portfolio as of Six months period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 had outstanding principal amounting to 523.31 lakhs, ₹ 1,654.74 lakhs, ₹1,269.02 lakhs, and ₹596.13 lakhs respectively. In the Fiscals 2022, 2023, 2024, and as on Six months period ended September 30, 2024 our gross Pronote Loan portfolio yield representing net interest income on gross Pronote loan as a percentage of average outstanding of Pronote Loan were 3.19%, 17.90%, 15.22% and 19.33% per annum respectively. In Fiscals 2022, 2023 and 2024 and as on six months period ended September 30, 2024 interest income from Pronote Loan constituted 0.14%, 1.76%, 1.69%, and 1.47%, respectively, of our total revenue.

Our Other Business:

Money Transfer Services

We provide money transfer service as a fee-based business for transfer of money from abroad through our branches. Under our money transfer agreements, with agents of Money Transfer companies we make payment of money remitted by persons from abroad to the beneficiaries after checking their identity. The money paid by us on behalf of the agent of the Money Transfer company is refunded to us by the agent on the next working day after payment. We are entitled to receive a commission for the services provided depending on the number of transactions and the amount of money transferred.

Risk Management

Risk management forms an integral element of our business. Our risk management policy approved vide board resolution dated March 3, 2023. Given the changes in the business environment and increase in competition, we have revised our risk management policy, effective from July 11, 2023. Our risk management policy represents the standards of risk assessment to be followed by our Company as an NBFC, formulated in line with the RBI guidelines, and with the approval of the Board of Directors. As a lending institution, we are exposed to various risks that are related to our gold lending business, including volatility in gold process, regulatory directives and operating environment.

Our objective in our risk management processes is to ensure growth with profitability within the limits of risk absorption capacity. The policy lays down a framework for identifying, assessing, and measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. The major types of risk we face in our businesses are credit risk, operational risk, market risk, liquidity risk and foreign currency risk.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. Credit risk in our Gold Loan business is relatively low because all our loans are adequately collateralised with pledged gold jewellery. We aim to reduce credit risk through a rigorous structured gold appraisal and loan sanction process, an effective system for monitoring the credit portfolio and recovery of dues. Credit risk is relatively low as the gold jewellery (pledged) as security for our loans are largely household used jewellery which carry the emotional attachment of the borrower due to which defaults are lesser in number. In any case they can be readily liquidated, and the possibility of any loss is relatively low.

We also manage credit risk by restricting loans in excess of specified limits to a single customer. For high value loans (loan amounts exceeding a certain limit), we undertake a credit check on the borrower before higher exposure is assumed. The methodology for fixation of loan to value or loan per gram is fixed in a manner so as to even out any large fluctuations. Our internal control system ensures independent verification of gold at the branch level for all loans. The level of verification at the branch level increases with the quantity of gold pledged. In addition, the quality of gold is checked by the area head through random check conducted during branch visits. Post-disbursement of loan, analysis of daily disbursements is undertaken by skilled officials to identify risk prone accounts which are then subsequently verified by internal auditor team within the shortest possible time.

Operational Risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events.

We have instituted a series of checks and balances and internal audit reviews to address the various operational risks. Loans are considered only after proper KYC procedures for which detailed instructions have been issued and its compliance monitored. We also have detailed guidelines/procedures on the custody of cash or gold to address custodial risk, which is a risk associated with the safety and security of gold inventory. We have implemented centralized software that grants branch personnel access to strong rooms upon receipt of OTPs. This software is operated from our head office. All pledged gold and cash holdings are suitably and adequately insured with reputed insurance companies to cover burglary risks.

Process definitions and internal controls also aid in controlling operational risk. For instance, the branch manager and the assistant branch head are the joint custodians of the pledged gold and cash, indicating that the strong rooms or vaults will only be opened granted access if both officials are present. We undertake adequate employee profiling and background verification checks before hiring. Fidelity Insurance cover has also been taken to protect the Company from employee frauds.

Market Risk

Market risk arises from any decline in the value of the security due to adverse fluctuation in gold prices. This risk (to a great extent) is mitigated by the adequate margins we build into our loan to value/loan per gram used to calculate the loan amount, as well as by linking the LTV calculation to 30 days average price of 22 carat gold declared by India Bullion and Jewellers Association Limited. Market risk also arises on account of variations in interest rates on borrowings availed by the Company since interest is payable on the Gold Loan at a predetermined rate. This risk is mitigated by periodically reviewing the interest rates charged on the Gold Loan, extending only short term loans which correlate to the interest rate payable on borrowings availed by the Company.

Liquidity Risk

The liquidity risk associated with the business is mitigated by suitably matching the tenure of assets and liabilities. Gold Loan, typically are short term loans with maximum term upto 12 months. Funding of these Gold Loan is through a combination of equity, bank borrowings and liability products. We have also implemented a robust collection and recovery mechanism and cash management system, ensuring adequate undrawn borrowing limits to meet contingencies, investing surplus funds in liquid investments in approved institutions and schemes, reducing the level of non-performing loans.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed through hedging its foreign currency risk on its foreign currency borrowings as on March 31, 2024 by entering into forward contracts. The counterparties for such hedge transactions are banks.

Non-Performing Assets (NPAs)

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

a) Standard assets;
b) Sub-Standard assets;
c) Doubtful assets; and
d) Loss assets

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

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

Based on the Prudential Norms for asset classification, details of the classification of our gross NPAs for significant classes of our assets as of Fiscals 2022, 2023 and 2024 are provided below:

(₹ in lakhs except %)

Asset Type	Six months period ended	Fiscals		
	September 30, 2024	2024	2023	2022
Sub-standard	344.69	189.53	114.28	122.77
Doubtful	130.42	139.87	24.88	0.79
Loss	-	16.75	-	-
Gross NPA	475.11	346.14	139.16	123.56
Gross NPA (%)	0.63%	0.52%	0.27%	0.37%
Less Provisions	37.00	97.63	80.96	13.97
Net NPA	438.11	248.51	58.20	111.08
Net NPA (%)	0.58%	0.37%	0.11%	0.33%

Branch Network and Customer Service

As of November 30, 2024 we had 267 branches located in 12 states and union territories. The distribution of branches across India by region as of March 31, 2022, March 31,2023, March 31, 2024 and November 30, 2024, is as set out in the following table:

Sr. No.	State/ Union territory of India	As on			
		March 31, 2022	March 31, 2023	March 31, 2024	November 30, 2024
1.	Tamil Nadu	22	17	16	16
2.	Kerala	71	69	78	85
3.	Delhi	21	23	22	27
4.	Haryana	5	7	8	8
5.	Maharashtra	24	38	44	44
6.	Madhya Pradesh	2	8	12	13
7.	Odisha	27	35	40	40
8.	Punjab	4	17	12	17
9.	Uttar Pradesh	2	3	6	6
10.	Rajasthan	-	-	4	4
11.	West Bengal	-	-	-	7
	Total	**178**	**217**	**242**	**267**

Capital Adequacy Ratio

As per the RBI Master Directions, every NBFC-BL including us are subject to capital adequacy requirements. Currently, we are required to maintain a minimum capital ratio consisting of Tier 1 and Tier 2 capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Further, we need to maintain a Tier 1 capital of 12%. Also, the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer up to 20% of our annual profit to a reserve fund and make provisions for NPAs. We had a capital adequacy ratio of 47.66%, 37.93%, 29.82% and 25.61%, on March 31, 2022, March 31, 2023, March 31,2024 and Six months period ended September 30, 2024 respectively.

We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the financial year ended March 31, 2023.

Technology

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. The operations of our Company function through CBS software program named "*MuthootOne*". We have moved to this CBS Software System with effect from April 1, 2016. Our Software department is managed by five engineers and three hardware technicians. We believe that through our information systems which are currently in place, we are able to manage our operations efficiently, market effectively to our target customers, and effectively monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to manage loan collection efforts

better and to comply with regulatory record-keeping and reporting requirements. All our branches are computerised.

Funding Sources and Credit Ratings

Source of funding

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise of term loans and working capital limits from bank, issuance of secured and unsecured non-convertible debentures through private placement and subordinated debts.

Please refer to sections titled "*Financial Statements*" and "*Financial Indebtedness*" on pages 142 and 144

Credit Rating

Credit Rating Agency	Instrument	Date	Ratings	Remarks	Rated Amount in ₹ lakhs
India Ratings	Non-Convertible Debenture Issue	Credit Rating letter dated July 23, 2024 the revalidation letter November 21, 2024	IND BBB/Stable	The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk.	₹15,000

Security threats and measures taken to mitigate them

The principal security risks to our operations are robbery and employee theft or fraud. We have extensive security and surveillance systems and dedicated security personnel to counter external security threats. To mitigate internal threats, we undertake careful pre-employment screening, including obtaining references before appointment. We have installed surveillance cameras across our branches. To protect against robbery, all branch employees work behind wooden/ glass and steel counters, and the back office, strong room/safe are locked and closed to customers. We also keep the pledged gold in joint custody. While we provide armed security guards for risk prone branches, the majority of our branches do not require security guards as the gold jewellery are stored securely in strong rooms. Since we handle high volumes of cash and gold jewellery at our locations, daily monitoring, spot audits and immediate responses to irregularities are critical to our operations. We have an internal auditing program that includes unannounced branch audits and cash counts at randomly selected branches.

Competition

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

Property

Our registered office is located in Thiruvananthapuram, Kerala and is owned by some of the Promoters i.e. Mathew Mathaininan and Ammini Mathew. As of November 30, 2024, we have 267 branches located in 11 states and union territories of India namely Tamil Nadu, Kerala, Delhi, Haryana, Maharashtra, Madhya Pradesh, Odisha, Punjab, Uttar Pradesh, West Bengal and Rajasthan all of which are contracted on a leasehold basis.

Intellectual Property

The trademark/service mark and logo in connection with the "  " logo is owned by our Chairman Mathew Mathaininan and is registered with the Trade Marks Registry under class 36 and received a Certificate of Registration of Trademark bearing number 1267883 dated February 19, 2004. We have obtained permission from our one of the Promoter i.e. Mathew Mathaininan in writing to use the logo. For further details, see section titled "*Risk Factors*" on page 16. As on the date of this Draft Prospectus, we have obtained Five trademark registration with the Trade Marks Registry under the Trade Marks Act, 1999.

Employees

As on November 30, 2024, we had 939 employees engaged in various business operations like sales, marketing, recovery, audit etc. We adhere to a policy of nurturing dedicated talent by conducting regular training programmes. We provide training to our employees both as a commitment to their career development and also to ensure quality service to our customers. These trainings are conducted on joining as part of employee initiation and include additional on-the-job trainings.

Branding

We have launched many tailor-made marketing communications with the primary objectives of growing the Gold Loan Category as a whole and creating significant business impact to the brand in terms of new customer acquisition; besides creating substantial brand awareness and brand recall.

Insurance Coverage

We maintain insurance coverage on all our assets located at our registered and on all our movable assets in branch premises owned by us against fire, earthquake and related perils. We also maintain insurance against burglaries at our registered office and at our branches, and against loss by riots, strikes or terrorist activities, cash in transit and employee theft. We maintain special contingency insurance covering gold in transit, gold in branches and cash in transit against burglary. Our insurance policies are generally annual policies that we renew regularly.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Brief background of our Company

Our Company was incorporated on March 3, 1997, as 'Muthoot Mercantile Limited', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Kerala at Kochi. Our Company also obtained the certificate of commencement of business dated March 11, 1997 from the Registrar of Companies, Kerala at Kochi. The Corporate Identity Number of our Company is U65921KL1997PLC011260.

Our Company has obtained a Certificate of Registration in the name of Muthoot Mercantile Limited dated December 12, 2002 bearing registration no. 16.00178 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act.

As on date of this Draft Prospectus, Muthoot Syndicate Nidhi Limited and Muthoot Mercantile Nidhi Limited are our Group Companies.

Registered Office of our Company

The registered office of our Company is located at 1st Floor, North Block, Muthoot Floors, Opposite W&C Hospital, Thycaud, Thiruvananthapuram – 695014, Kerala, India.

Change in Registered Office of our Company

Except as set forth, there has not been any change to the Registered Office since incorporation.

Date	Details of registered office	Reason for change
At Incorporation	F 19, I Floor, Pulickal Trade Centre, Near Nagambadam Bridge, Kottayam – 686 006, Kerala, India.	-
March 24, 2003	113, Attukal Shopping Complex, East Fort, Thiruvananthapuram – 695023, Kerala, India.	For effective and efficient business
September 1, 2013	1st Floor, North Block, Muthoot Floors, Opposite W&C hospital, Thycaud, Thiruvananthapuram – 695014, Kerala, India.	For administrative and operational convenience

Main objects of our Company

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

1. *To carry on the business of purchasing or otherwise acquiring and/or financing the purchase of or acquisition of equipment's, plant and machinery, air conditioners, generators, fridges, electrical and electronic goods, land sites, houses, shopping complexes, motor cars, buses, lorries and other automobile vehicles, fishing vessels including deep sea fishing vessels, computers and equipment's on hire purchase and or on leasing.*

2. *To carry on the business of financiers, money lenders, pawn brokers and to receive deposits, borrow and lend monies with or without security. But the Company shall not do the business of Banking within the meaning of Banking Regulation Act, 1949.*

3. *To undertake, carry on and manage the business of Corporate Insurance Agency for all insurance business of every nature, description and class and soliciting, procuring and servicing insurance products subject to the laws, regulations and rules in force in the Country.*

4. *To carry on the business as Authorized Person, Authorized Dealer, Money Changer or otherwise, subject to the Regulations, approvals and conditions as may be prescribed from time to time by the Reserve Bank of India.*

5. *To carry on the business of hire purchase financing to acquire or to purchase or to install the Solar Systems*

for energy generations including Solar Photovoltaic, Solar Thermal, Solar Chimney and any other Solar based devices used in households, industry and commercial establishments.

Key milestones and major events

Financial year	Particulars
1997	Incorporation of our Company as a public limited company
2002	Certificate of registration issued by RBI to our Company to act as non-deposit taking NBFC
2003	Expanded its operations and opened its first branch outside Kerala in Tamil Nadu (Vadasserry)
2019	Our operations have expanded beyond South India with the opening of branches East Chowdwar Branch Odisha Badlapur Branch in the West and Najafgarh Branch, in Delhi to the North
2021	As on March 31, 2021 our Company crossed 150 branches.
2022	The AUM of the company crossed 50,000 lakhs as on March 31, 2022.
2023	Successfully mobilised ₹10,420.49 lakhs in the maiden public offer of NCD opened on December 4, 2023
2024	Our Company crossed 240 branches as on March 31, 2024

Key Agreements

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

Holding Company and Subsidiary Company

Our Company does not have a holding company and subsidiary company.

Joint Venture

As at the date of this Draft Prospectus, our Company has no joint ventures.

Associate

As at the date of this Draft Prospectus, our Company has no associate companies as defined under Companies Act, 2013, as amended.

Acquisition or Amalgamation in the preceding one year

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

Reorganization or Reconstruction undertaken by our Company in the preceding one year

There have been no reorganization or reconstruction undertaken by our Company in the preceding one year, preceding the date of this Draft Prospectus.

OUR MANAGEMENT

The general supervision, direction and management of our Company, its operations, affairs and business are vested in the Board, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws.

The Articles of Association of our Company require us to have not less than three Directors and not more than fifteen Directors.

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and is governed by the Articles of Association of our Company, the relevant directions issued by the RBI.

As of the date of this Draft Prospectus, we have six Directors on our Board of Directors including three Executive Director, one Non-Executive Director and two Independent Directors. Further, the Board of Directors have 2 women directors. The Board of Directors of the Company are in compliance with Companies Act, 2013.

The following table sets forth details regarding the Board as on the date of this Draft Prospectus.

Name, designation, DIN, nationality, occupation, date of appointment, term and address	**Age (years)**	**Date of appointment /reappointment:**	**Other Directorships**
Mathew Mathaininan **Designation:** Chairman and Whole-Time Director **DIN:** 00063078 **Nationality:** Indian **Address:** Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala India.	82	September 5, 2023	1. Muthoot Syndicate Nidhi Limited 2. Muthoot Computer Software Development and Research Institute Private Limited 3. Muthoot Mercantile Nidhi Limited
Richi Mathew **Designation:** Managing Director **DIN:** 00224336 **Nationality:** Indian **Address:** Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003 Kowdiar, Kerala India	50	September 5, 2023	1. Muthoot Syndicate Nidhi Limited 2. Richi Mathew Securities Limited 3. Muthoot Mercantile Nidhi Limited 4. Richi Mathew Software Technologies Limited.
Ammini Mathew **Designation:** Whole Time Director **DIN:** 00533771 **Nationality:** Indian **Address:** Muthoot House, No. 26, Mummy's Colony,	73	September 5, 2023	1. Muthoot Syndicate Nidhi Limited; 2. Muthoot Computer Software Development and Research Institute Private Limited; 3. Muthoot Mercantile Nidhi Limited.

Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Date of appointment /reappointment:	Other Directorships
Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala, India.			
Asha Richi Mathew **Designation:** Non-Executive Director **DIN:** 05172361 **Nationality:** Indian **Address:** Muthoot House, No. 26, Mummy's Colony, Kuravankonam, Thiruvananthapuram – 695 003, Kowdiar, Kerala India.	39	June 2, 2022 and reappointment date September 30, 2024	1. Muthoot Syndicate Nidhi Limited; 2. Richi Mathew Securities Limited 3. Richi Mathew Software Technologies Limited.
Anthony Robert John **Designation:** Independent Director **DIN:** 10213030 **Nationality:** Indian **Address:** Little Flower, Cottage, Pravachambalam, Nemom P O, Pallichal, Thiruvananthapuram – 695020, Kerala India.	58	June 26, 2023	NIL
Dillark Justin **Designation:** Independent Director **DIN:** 09771752 **Nationality:** Indian **Address:** Pushpa Vihar, TENRA - 124-A, Elankam Nagar, Thycadu PO, Thiruvananthapuram – 695014, Kerala, India.	44	October 21, 2022	NIL

Brief Profile of Directors

Mathew Mathaininan is the Chairman and Whole-Time Director of our Company. He holds a bachelor's degree in Engineering from University of Mysore. He has been associated with our Company since incorporation.

Richi Mathew is the Managing Director of our Company. He holds a bachelor's degree in Engineering from Mangalore University. He has been associated with our Company since July 1, 2002.

Ammini Mathew is the Whole Time Director of our Company. She holds a pre-degree course from the Mysore University. She has been associated with our Company since 1998.

Asha Richi Mathew is the Non-Executive Director of our Company. She holds a Degree of Master of Business

Administration from the Anna University of Technology Tirunelveli. She has been associated with our Company since 2022.

Anthony Robert John is an Independent Director of our Company. He has completed his Masters of Commerce from the University of Kerala.

Dillark Justin is an Independent Director of our Company. He holds a degree in Bachelors of Law from the University of Kerala.

Relationship between Directors

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

Name of Director	Designation	Relationship with other Directors
Mathew Mathaininan	Chairman and Whole Time Director	He is the husband of Ammini Mathew, father of Richi Mathew and father-in-law of Asha Richi Mathew.
Richi Mathew	Manging Director	He is the son of Mathew Mathaininan and Ammini Mathew and he is the husband of Asha Richi Mathew.
Ammini Mathew	Whole Time Director	She is wife of Mathew Mathainian, mother of Richi Mathew and mother-in-law of Asha Richi Mathew.
Asha Richi Mathew	Whole Time Director	She is wife of Richi Mathew and daughter-in-law of Mathew Mathainian and Ammini Mathew.

Remuneration paid to our Directors

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors during the half year ended September 30, 2024 and during last three financial years ended March 31, 2024, March 31, 2023 and March 31, 2022:

(₹ in lakhs)

Name of Directors	Designation	As on September 30, 2024	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022
Mathew Mathaininan	Whole-Time Director	135.23	94.76	20.70	NIL
Richi Mathew	Managing Director	156.23	145.76	80.20	30.00
Ammini Mathew	Whole-Time Director	14.21	25.15	24.70	24.00
Asha Richi Mathew	Director	7.24	13.15	10.60	NIL
Dillark Justin	Director (Independent and Non- executive)	0.21	0.85	0.10	NIL
Antony Robert John	Director (Independent and Non- executive)	0.24	0.85	NIL	NIL
Neelakandan Madaswamy	Director (Independent and Non- executive)	NIL	-	0.70	NIL
Reena Verghese	Director	NIL	-	0.20	NIL

Confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

Our Company does not have any employee stock option scheme.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by the Board. Further, none of our Directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI. No Director in our Company is, or was, a director of any listed company, which has been or was compulsorily delisted from any recognised stock exchange within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or, RBI are pending against any of our Directors.

No Director of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the Permanent Account Number of the Directors and Promoters of the Company has been submitted to the Stock Exchanges at the time of filing the Draft Prospectus.

We confirm that no fine or penalties levied by the Board /Stock Exchanges is pending to be paid at the time of filing the offer document.

We are not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, if any, for a period of more than six months.

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their AGM held on September 30, 2024 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Articles of Association of our Company, the Board has been authorised to borrow money on and behalf of the Company from time to time as deemed by the Company to be requisite and proper for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company as per the latest annual audited financial statements (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of ₹ 1,40,000 lakhs .

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

Interest of the Directors

Our Managing Director and Whole Time Directors may be deemed to be interested to the extent of remuneration paid by our Company as well as to the extent of reimbursement of expenses payable to them. Our Independent Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses and/or to the extent of their shareholding and profit linked incentives payable to them.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. Except as stated in the section "*Financial Statements*" on page 142 and to the extent of compensation and commission if any, and their shareholding in the Company, the Directors do not have any other interest in the business of the Company.

Some of our Directors may be deemed to be interested to the extent, including of consideration received/paid or any loans or advances provided to anybody corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

Except as stated in this section, "- *Interest of our Directors*" none of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors have no interest in any immovable property acquired in the preceding two years of filing this Draft Prospectus or proposed to be acquired by our Company nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoters/Directors out of the proceeds of the Issue.

Except for Richi Mathew, Mathew Mathaininan, Ammini Mathew and Asha Richi Mathew, none of our Directors are interested in the promotion of our Company, except in the ordinary course of business.

None of our Directors have taken any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding.

None of our Directors, Promoters or Key Managerial Personnel have any financial or other material interest in the offer. None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

For the details of securities purchased or sold by our Directors or their relatives have not in the six month preceding the date of this Draft Prospectus, refer "*Capital Structure*" on page 43.

Shareholding of our Directors

Except as stated below, none of our Directors hold any Equity Shares as on September 30, 2024.

Name, Designation and DIN	No. of Equity Shares of face value ₹10 each	% of total Equity Shares of our Company on fully diluted basis
Mathew Mathaininan **Designation:** Chairman and Whole-time Director **DIN:** 00063078	1,30,61,100	35.86
Richi Mathew **Designation:** Managing Director **DIN:** 00224336	1,30,07,317	35.71
Ammini Mathew **Designation:** Whole Time Director **DIN:** 00533771	1,16,241	0.32
Asha Richi Mathew **Designation:** Non-Executive Director **DIN:** 05172361	21,85,125	6.00

Appointment of any relatives of Directors to an Office or place of profit of Company during the preceding three financial years and as on date of this Draft Prospectus.

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

Debentures/Subordinated Debt holding of our Directors

As on the date of this Draft Prospectus, except for Mathew Mathaininan, Ammini Mathew and Asha Richi Mathew, none of our Directors hold debentures or subordinated debt issued by our Company.

Changes in our Directors of our Company during the preceding three financial years and as on date of this Draft Prospectus

The changes in our Board of Directors of our Company in the preceding three financial years and as on date of this Draft Prospectus are as follows:

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Reena Verghese **Designation:** Director **DIN:** 00533836	March 3, 1997	-	August 8, 2022	Resignation
Chandrasekharan Nair Kamparath **Designation**: Independent Director **DIN**: 02052516	February 29, 2008	-	October 3, 2022	Resignation
Neelakandan Madaswamy **Designation**: Independent Director **DIN**: 08023247	December 15, 2017	-	March 31, 2023	Resignation
Asha Richi Mathew **Designation**: Director **DIN**: 05172361	June 2, 2022	-	-	Appointment
Dillark Justin **Designation**: Independent Director **DIN**: 09771752	October 21, 2022	-	-	Appointment
Anthony Robert John **Designation:** Independent Director **DIN:** 10213030	June 26, 2023	-	-	Appointment

Note: This does not include changes such as regularisations or change in designations

Key Managerial Personnel

Our Company's Key Managerial Personnel are as follows:

1. ***Rajeev M R***, aged 57 years, is the Chief Financial Officer of our Company. He holds a degree of Bachelors of Commerce from the University of Madurai, Master of Commerce from Manonmaniam Sundaranar University and a fellow member of Institute of Cost and Works Accountants of India. He was appointed as the Chief Financial Officer of our Company on July 17, 2020. Prior to joining our Company, he was associated with Anubhav Homes Limited as the Senior Accounts Officer, Tata Housing Development Company Limited as their Senior Executive - Finance and Asianet Digital Network Private Limited as their Deputy Vice President – Finance and Accounts.

2. ***Remya R.S*** **aged 39 years** is the Company Secretary and Compliance Officer of our Company. She holds a degree in Bachelors of Commerce from University of Kerala, Master of Commerce from University of Kerala, LLB from University of Kerala and fellow member of Institute of Company Secretaries of India. She was appointed as the Company Secretary and Compliance Officer of our Company on September 12, 2024. Prior to joining our company, She was associated with M/s Kerala State IT Infrastructure Ltd as the Company Secretary & Finance Manager, Kerala Transport Development Finance Corporation Ltd as the Company Secretary and Directus Consultants Pvt Ltd as the Consultant Company Secretary.

For details about our Whole Time Director, please refer to "*Our Management*" on page 125.

Senior Management

Our Company's Senior Management are as follows:

1. **S Premkumar** aged 62 years is the Assistant General Manager of our Company. He holds a degree of Bachelors of Law from the University of Kerala and Bachelor of Science Degree from University of Calicut. He has experience of three decades in different fields of banking. He was associated with South Indian Bank as the Chief Manager. He has been associated with our Company since March 8, 2022.

2. **Prashanth S** aged 41 years is the Chief Manager Business Development Northern Development of our Company. He holds a Bachelors of Fisheries Science from the Kerala Agricultural University. He was associated with Hindustan Lever Limited as Marine Supervisor, he was associated with Subiksha Trading Services Limited as Executive Procurement – F & M and he was associated with Allahabad Bank as the Officer in JMG, Scale – 1. He has been associated with our Company since January 7, 2022.

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Relationship with other Key Managerial Personnel and Senior Management Personnel

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

Interests of Key Managerial Personnel and Senior Management Personnel

Except to the extent of their remuneration or extent of their shareholding or/and benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, the Key Managerial Personnel and Senior Management Personnel of the Company do not have any interest in the Company.

Our Directors, Key Managerial Personnel or Senior Management have no financial or other material interest in the Issue.

Payment or Benefit to Officers of our Company

Nil

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

Except as stated above – ***Shareholdings of Whole Time Director and Managing Director***, none of our Key Managerial Personnel and Senior Management Personnel hold any Equity shares in our Company as on the date of this Draft Prospectus.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the preceding three financial years and current financial year with regard to loans made or, guarantees given or securities provided, as per the requirements specified under the Companies Act, refer Note 38, Note 23 and Note 23 of "Financial Statements" on page F-184, F - 95, F – 39, respectively for the Financial Year 2024, 2023 and 2022 under chapter "*Financial Statements*" beginning on page 142.

Corporate Governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company has in place processes and systems whereby it complies with the requirements to the corporate governance provided in SEBI Listing Regulations (to the extent applicable to a company which has listed debt securities) and the applicable RBI Guidelines. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law. Our Company believes that its Board is constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Details of various committees of the Board of Directors

1. Audit Committee

Audit committee was re-constituted by the Board of directors through its resolution dated June 26, 2023. It currently comprises of the following directors:

Name of Director	Position in the committee	Designation
Mathew Mathaininan	Member	Chairman cum Whole Time Director
Dillark Justin	Member	Independent Director
Antony Robert John	Member	Independent Director

The role of audit committee shall classify into three. Review, Recommendation and approval

I. Review of the following

1. Financial reporting process and disclosure

2. Auditor's independence and performance, and effectiveness of audit process

3. Annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. Matters included in the director's responsibility statement in board report (refer section 134(3) (c) of the Companies Act, 2013)
   b. Changes in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with legal requirements
   f. Disclosure of related party transactions
   g. Modified opinion(s) in the draft audit report

4. Performance of statutory and internal auditors, adequacy of the internal control systems and adequacy of internal audit function

5. Findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board

6. Functioning of the whistle blower mechanism

7. End use of funds raised through public offers and related matters

8. Audit Committee shall mandatorily review the followings:

   - Statement of related party transactions on quarterly basis.
   - Management letters / letters of internal control weaknesses issued by the statutory auditors
   - Internal audit reports relating to internal control weaknesses
   - The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee

II. Approval of the following

1. Payment to statutory auditors for any other services.

2. Transactions and any subsequent modification of transactions with related parties read with policy on related party transactions.

III. Recommendation

1. Appointment, remuneration and terms of appointment of auditors of the company.

IV. ***Other Roles***

1. Scrutiny of inter-corporate loans and investments

2. Evaluation of internal financial controls and risk management systems

3. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors

4. Discussion with internal auditors of any significant findings

5. Discussion with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern

2. Nomination and Remuneration Committee

The Nomination Committee was re-constituted by a board resolution dated June 26, 2023. It currently comprises the following Directors:

Name of Director	Position in the committee	Designation
Mathew Mathaininan	Member	Chairman cum Whole Time Director
Dillark Justin	Member	Independent Director
Antony Robert John	Member	Independent Director

The roles and responsibilities of the Nomination and Remuneration Committee are as follows:

1. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with criteria as laid down and recommend to Board their appointment and removal.

2. Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a Director under the Companies Act, 2013.

3. Ensure that the proposed appointees have given their consent in writing to the Company.

4. Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes.

5. Plan for the succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future.

6. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

7. Keep under review the leadership needs of the organization, both Executive and Non-Executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place.

8. Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of services and involvement outside Board Meetings.

9. Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees

10. Review the on-going appropriateness and relevance of the remuneration policy.

11. Ensure that contractual terms of the agreement that Company enters into with Directors as part of their

employment in the Company are fair to the individual and the Company.

12. Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

13. Devising a policy on diversity of Board of Directors.

14. Draft and submit a Remuneration Policy on Annual Basis for the approval of Board of Directors of the Company.

15. Sign and submit copies of the Minutes or Resolutions of the Meetings of the Committee with any judicial, quasi-judicial, regulatory, other government department or anyone concerned or interested in the matter signed by the Chairman of the Committee, whenever and wherever required.

16. Submit Minutes of the Committee Meetings at the subsequent meeting of Board of Directors of the Company for consideration and approval.

17. Review and submit an Annual Report for the approval of Board of Directors of the Company.

3. Asset Liability Management Committee

The Asset Liability Management Committee was re-constituted by a Board Resolution dated June 26, 2023 and it currently comprises:

Name of Director	Position in the committee	Designation
Mathew Mathaininan	Member	Chairman cum Whole Time Director
Dillark Justin	Member	Independent Director
Antony Robert John	Member	Independent Director
Rajeev M R	Member	Chief Financial Officer

The scope and function of the Asset Liability Committee and its terms of reference are as follows:

1. Liquidity risk management

2. Management of Market risks

3. Funding & Capital Planning

4. Profit planning and growth projection

5. Forecasting and analysing 'What if scenario' and preparation of contingency plans.

4. Risk Management Committee

The Risk Management Committee was re-constituted by a Board Resolution dated June 26, 2023 and it currently comprises:

Name of Director	Position in the committee	Designation
Mathew Mathaininan	Member	Chairman cum Whole Time Director
Dillark Justin	Member	Independent Director
Antony Robert John	Member	Independent Director
Rajeev M R	Member	Chief Financial Officer

The scope and function of the Risk Management Committee and its terms of reference are as follows:

1. The Risk Management Committee is involved in the process of identification, measurement and migration of various risks associated with the Company.

5. Stakeholder Relationship Committee

Stakeholders Relationship Committee was re-constituted by a Board Resolution dated June 26, 2023 and it currently comprises:

Name of Director	Position in the committee	Designation
Ammini Mathew	Member	Whole Time Director
Dillark Justin	Member	Independent Director
Anthony Robert John	Member	Independent Director

The scope and function of the Stakeholder Relationship Committee are as follows:

1. To consider and ensure resolution of the grievances of the security holders of the Company including complaints related to transfer/transmission of shares/Debentures, non-receipt of annual reports, non-receipt of dividends, general meetings etc

2. Review of measures taken for effective exercise of voting rights by shareholders.

3. Review of various services being rendered by the Registrar & Share Transfer Agent.

4. To review compliance relating to all securities including dividend payments, transfer of unclaimed amounts or shares to the Investor Education and Protection Fund;

5. Recommendation and Review of the various measures and initiatives taken by the entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

6. To undertake self-evaluation of its own functioning of the committee in yearly

7. To perform such other functions or duties as may be required under the relevant Act, rules if applicable to the committee from time to time.

6. Corporate Social Responsibility (CSR) Committee:

The CSR Committee was re-constituted by the Board of Directors vide its resolution dated June 26, 2023. The CSR Committee comprises of the following persons:

Name of Director	Position in the committee	Designation
Mathew Mathaininan	Member	Chairman cum Whole Time Director
Richi Mathew	Member	Managing Director
Dillark Justin	Member	Independent Director
Antony Robert John	Member	Independent Director

The terms of reference of the CSR Committee are approved by the Board and includes the following:

1. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken, as specified in Schedule VII of the Companies Act, 2013.

2. Recommend the amount of budgeted expenditure to be incurred on the activities referred in clause 5(a) above.

3. Monitor the CSR policy and activities of the company a quarterly basis.

4. Approve projects/ activities of value which are outside the ambit of Schedule VII.

7. Debenture Allotment Committee:

The Debenture Allotment Committee was reconstituted by the Board of Directors vide its resolution dated September 11, 2023. The Debenture Allotment Committee comprises of the following persons:

Name of Director	Position in the committee	Designation
Mathew Mathaininan	Member	Chairman cum Whole Time Director
Richi Mathew	Member	Managing Director
Ammini Mathew	Member	Whole Time Director
Rajeev M R	Member	Chief Financial Officer
Shyamala Devi L	Member	FD Section Manager

The terms of reference of the Debenture Allotment Committee are approved by the Board and includes the following:

1. To determine and approve, by a Resolution passed at a meeting of the Debenture Allotment Committee or by Resolution passed by Circulation;

2. the terms and conditions and number of the Debentures to be issued including issue size not exceeding the limit mentioned by the Board, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc.,

3. to direct any officers of the Company to do such things and to take such actions as the Company is entitled to do or take (as the case may be) in terms of this resolution,

4. to approve and make changes/ modifications to the draft offer document, to approve the offer document, including any corrigendum, amendments supplements thereto

5. to finalise the terms and conditions of the appointment of Merchant banker, a debenture trustee, a registrar and transfer agent, a credit rating agency, legal counsel, a depository and such other intermediaries as may be required including their successors and their agents and the issue thereof

6. to issue and allot the Debentures and authorize such person to file necessary e-forms with Registrar of Companies with respect to creation or modification of charge and to approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary for the purpose of issue of NCDs through public offers

7. to issue and allot the Debentures and authorize such person to file necessary e-forms with Registrar of Companies with respect to creation or modification of charge and to approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary for the purpose of issue of NCDs through private placement offers.

8. Information Technology (IT) Strategy Committee

The IT Strategy Committee was re-constituted by the Board of Directors through its resolution dated September 11, 2023. The IT Strategy Committee comprises of the following persons:

Name of Director	Position in the committee	Designation
Richi Mathew	Member	Managing Director
Antony Robert John	Member	Independent Director
Rajeev M R	Member	Chief Financial Officer
Anjana B S	Member	Head of Software/ IT Department

The terms of reference of the IT Strategy Committee includes the following:

8. Approvingand reviewing IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

9. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

10. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

11. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

12. Ensuring proper balance of IT investments for sustaining company's growth and becoming aware about exposure towards IT risks and controls.

OUR PROMOTER

Our Promoters are Mathew Mathaininan and Richi Mathew.

As on the date of this Draft Prospectus, the Promoters and promoters group of our Company collectively hold 3,64,18,737 Equity Shares aggregating to 99.99% of the share capital of our Company.

The profile of our Promoters is given below:

Mathew Mathaininan



Mathew Mathaininan, aged 82 years, is the Promoter, Chairman and Whole Time Director of the Company.

Date of Birth: October 31, 1942

Address: Muthoot House, No. 26, Mummys Colony, Kuravankonam, Thiruvananthapuram – 6950 003, Kerala, India.

Education: He holds a bachelor's degree in Engineering from University of Mysore.

Experience: He has been associated with our Company since incorporation.

He is serving as a director in Muthoot Syndicate Nidhi Limited, Muthoot Computer Software Development and Research Institute Private Limited, Muthoot Mercantile Nidhi Limited. For further details, see "*Our Management*" on page 125.

Our Company confirms that details of the permanent account number, aadhaar number, driving license number, bank account number(s) personal addresses and passport number of our Promoter have been submitted to the Stock Exchange at the timing of filing the Draft Prospectus.

Richi Mathew



Richi Mathew, aged 50 years, is the Promoter and Managing Director of our Company

Date of Birth: May 13, 1974

Address: Muthoot House, No. 26, Mummys Colony, Kuravankonam, Thiruvananthapuram - 6950003, Kerala, India.

Education: He holds a Bachelor's degree in Engineering from Mangalore University.

Experience: He has been associated with our Company since 2002.

He is serving as a director in Muthoot Syndicate Nidhi Limited, Richi Mathew Securities Limited, Muthoot Mercantile Nidhi Limited, Richi Mathew Software Technologies Limited. For further details, see "*Our Management*" on page 125.

Our Company confirms that details of the permanent account number, aadhaar number, driving license number, bank account number(s) personal addresses and passport number of our Promoter have been submitted to the Stock Exchange at the timing of filing the Draft

Prospectus.

There have been no changes in the Promoter's holding in our Company during last financial year beyond the threshold prescribed by RBI.

Interest of our Promoter in our Company

Except as stated under "*Our Management*" beginning on page 125 and as stated above, to the extent of their shareholding and debenture holding in our Company and to the extent of remuneration received by them in their capacity as Directors, our Promoters do not have any other interest in our Company's business.

Further, our Promoters have no interest in any property acquired by our Company in the last two years from the date of this Draft Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Our Promoters do not propose to subscribe to the Issue and none of our Promoters have any interest in the promotion of the Issue.

Our Promoters equity shareholding in our Company, as on September 30, 2024, is as set forth below:

Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialised Form	Percentage of issued Equity Share capital	Equity Shares pledged or otherwise encumbered	% of Equity Shares pledged
Mathew Mathaininan	1,30,61,100	1,30,61,100	35.86	NIL	NIL
Richi Mathew	1,30,07,317	1,30,07,317	35.72	NIL	NIL

Other Confirmations

Our Promoters have confirmed that neither it nor its directors, have been identified as Wilful Defaulters by the RBI or any other governmental authority and are not a Promoter of any such company which has been identified as a Wilful Defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

None of our Promoters have been declared as a fugitive economic offender.

No violation of securities laws has been committed by our Promoters in the past and no regulatory action before SEBI, RBI is currently pending against our Promoters except as disclosed in section titled "*Outstanding Litigations*" on page 227. Our Promoters were not a promoter of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Promoters and Promoter Group are not restrained or debarred or prohibited from accessing the capital markets or restrained\ or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority

No benefit or interest will accrue to our Promoters out of the objects of the Issue.

Payment of benefits to our Promoters during the preceding three years

Other than as disclosed under "*Our Management*" segment of "*Financial Statements*" beginning on pages 125and 142, respectively, our Company has not made payment of any benefit to our Promoters during the preceding three years preceding the date of this Draft Prospectus.

Details of Equity Shares allotted to our Promoters during the preceding three Fiscal Years

Except as disclosed under "*Capital Structure*" on page 43, our Promoters have not been allotted any Equity Shares of our Company during the preceding three Fiscal Years.

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RELATED PARTY TRANSACTIONS

For details of the related party transaction as at and for each of the years ended March 31, 2024, 2023 and 2022, as per the requirements under the applicable accounting standards, see Note 38, Note 23 and Note 23 of "*Financial Statements*" on page F-184, F - 95, F – 39, respectively.

Details of related party transactions under the applicable accounting standards entered during the preceding three financial years with regard to loans made or guarantees given or securities provided:

(₹in lakhs)

Name of Related Party	Fiscal	Loans Made	Guarantees given	Securities provided
Nil	2022	Nil	Nil	Nil
Nil	2023	Nil	Nil	Nil
Nil	2024	Nil	Nil	Nil

Related party transactions entered during the current financial year for the period from April 01, 2024, till Cut-off date, with regard to loans made or, guarantees given or securities provided

(₹in lakhs)

Name of Related Party	Fiscal	Loans Made	Guarantees given	Securities provided
Nil	Nil	Nil	Nil	Nil

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Audited Financial Statements as at and for the Financial Year ended March 31, 2022	F-1 to F-56
2.	Audited Financial Statements as at and for the Financial Year ended March 31, 2023	F-57 to F-113
3.	Audited Financial Statements as at and for the Financial Year ended March 31, 2024	F-114 to F-197
4.	Unaudited Financial Results for six months period ended September 30, 2024	F-198 to F-210

INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022, STATEMENT OF PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEARENDED MARCH 31, 2022 OF MUTHOOT MERCANTILE LIMITED

To the Board of Directors of Muthoot Mercantile Limited

We have audited the accompanying financial statements of Muthoot Mercantile Limited(the "**Company**"), which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information(hereinafter referred to as "**financial statements**").

Management'sResponsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amendedand based on the provisions of Para 3.3.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**").This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor'sResponsibility

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

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



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

Opinion

In our opinion and to the best of our information and according to theexplanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013 and as per SEBI NCS Regulations andgive a true and fair view in conformity with the accounting principles generally accepted in India,of thestate of affairs of the Company as at March 31, 2022, and of its results ofoperations and its cash flows for the year then ended.

Restriction on Use and Distribution

The financial statementsare prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable foranother purpose.

Other Matter

Muthoot Mercantile Limited has prepared a separate set of financial statements for the year ended March 31, 2022, in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, on which M/s. Paulson Michael & Co, Chartered Accountants,has issued a separate auditor's report to the shareholders of the Company dated July15, 2022.

For Manikandan & Associates
Chartered Accountants
Firm's Registration Number:008520S



C K Manikandan
Partner
M. No.: 208654
UDIN: 23208654BGSIDL7061

Place: Chalakudy
Date: 04th October, 2023

MUTHOOT MERCANTILE LIMITED

Balance Sheet as at 31st March , 2022

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

	Note	31-Mar-22	31-Mar-21
Shareholders' funds			
Share capital	3	2,941.88	2,941.88
Reserves and surplus	4	8,795.44	7,093.01
		11,737.31	**10,034.89**
Non-current liabilities			
Long-term borrowings	5	23,587.46	14,788.80
Other long term liabilities	6	1,209.12	633.71
Long-term provisions	9	73.61	73.80
		24,870.19	**15,496.30**
Current liabilities			
Short-term borrowings	7	4,264.32	5,211.92
Trade payables	8		
(A) total outstanding dues of micro enterprises and small enterprises; and		17.20	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		55.35	42.86
Other current liabilities	6	357.42	216.42
Short-term provisions	9	733.95	621.21
		5,428.24	**6,092.41**
Total		**42,035.74**	**31,623.60**
Assets			
Non-current assets			
Property, Plant and Equipment and Intangible assets			
Property, Plant and Equipment	10A	423.98	340.89
Intangible assets	10B	-	16.93
Deferred tax assets (net)	11	126.00	106.90
Long-term loans and advances	12	655.90	533.89
Other non current assets	15	463.62	385.86
		1,669.50	**1,384.46**
Current assets			
Investments	13	1,101.98	-
Cash and bank balances	14	3,479.50	217.55
Short-term loans and advances	12	33,859.87	28,474.71
Other current assets	15	1,924.89	1,546.88
		40,366.24	**30,239.14**
Total		**42,035.74**	**31,623.60**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership no: 208654

Place: Thrissur
Date: 04th October, 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

Rishi Mathew
[Managing Director]
DIN 00224336

M R Rajeev
[Chief Financial Officer]

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date: 04th October, 2023

MUTHOOT MERCANTILE LIMITED

Statement of profit and loss for the year ended 31st March, 2022

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Continuing Operations	Notes	31-Mar-22	31-Mar-21
Revenue from operation	16	6,673.83	4,910.32
Other income	17	28.56	29.10
Total Income		**6,702.38**	**4,939.42**
Expenses			
Finance costs	18	2,207.48	1,395.69
Employee benefits expense	19	1,113.66	878.86
Other expenses	20	925.63	665.81
Depreciation and amortization expense	21	158.17	122.52
Total Expenses		**4,404.94**	**3,062.88**
Profit before tax		**2,297.45**	**1,876.54**
Tax expenses			
Current tax		614.13	500.31
(Excess)/Short provision for tax relating to previous year		-	(5.10)
Deferred tax expense/(income)		(19.10)	(20.23)
Total tax expense		**595.03**	**474.98**
Profit for the year		**1,702.42**	**1,401.56**
Earnings per equity share [nominal value of share ₹10/-]			
Basic and Diluted Earnings per Share (₹)	22	5.79	4.76
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership no: 208654

Place: Thrissur
Date: 04th October, 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

Richi Mathew
[Managing Director]
DIN 00224336

M R Rajeev
[Chief Financial Officer]

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date: 04th October, 2023

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LTD

Cash flow statement for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

	31-Mar-22	31-Mar-21
Cash flow from operating activities		
Profit before tax	**2,297.45**	**1,876.54**
Adjustments:		
Depreciation and amortization	158.17	122.52
Provision for employee benefits	(6.20)	(52.13)
Provision for Standard Assets	13.28	29.71
Provision for Non- performing assets	6.38	(40.50)
Gain on sale of Mutual Fund	(2.09)	-
Provision for CSR Expenditure	-	14.54
Profit on sale of Property, Plant & Equipment	(3.75)	-
Finance Cost	2,207.48	1,395.69
Operating profit before working capital changes	**4,670.70**	**3,346.37**
Movements in working capital :		
Increase/ (decrease) in other current liabilities &-trade payables	128.77	65.72
Decrease / (increase) in long-term loans and advances	(122.01)	(88.88)
Decrease / (increase) in short-term loans and advances	(5,385.15)	(11,896.26)
Decrease / (increase) in other current assets	(378.01)	(768.77)
Decrease / (increase) bank balances other than cash equivalents	(0.48)	(5.99)
Decrease / (increase) in other non-current assets	(77.76)	-
Cash generated from /(used in) operations	**(1,163.94)**	**(9,347.80)**
Direct taxes paid	(500.31)	(294.26)
Finance cost paid	(1,590.33)	(1,947.61)
CSR Expenditure paid previous year	(14.54)	-
Net cash flow from/ (used in) operating activities (A)	**(3,269.11)**	**(11,589.67)**
Cash flows from investing activities		
Purchase of Property, Plant & Equipment, including CWIP and capital advances	(225.08)	(81.11)
Disposal of Property, Plant & Equipment	4.50	-
(Investment)/Redemption of Mutual Fund (net)	(1,099.89)	-
Net cash flow from/ (used in) investing activities (B)	**(1,320.47)**	**(81.11)**
Cash flows from financing activities		
Proceeds/(Repayment) of long-term borrowings(net)	8,798.66	7,688.91
Proceeds/(Repayment) of short-term borrowings(net)	(947.60)	3,782.35
Net cash flow from/ (used in) in financing activities (C)	**7,851.06**	**11,471.26**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**3,261.47**	**(199.53)**
Cash and cash equivalents at the beginning of the year	202.82	402.34
Cash and cash equivalents at the end of the year	**3,464.29**	**202.82**
Components of cash and cash equivalents		
Cash on hand	660.98	81.91
Balance with banks	2,803.31	120.90
Total cash and cash equivalents (note 14)	**3,464.29**	**202.82**

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership no: 208654

Place: Thrissur
Date: 04th October, 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October, 2023

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED

Statement of profit and loss for the year ended 31st March, 2022

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Continuing Operations	**Notes**	**31-Mar-22**	**31-Mar-21**
Revenue from operation	16	6,673.83	4,910.32
Other income	17	28.56	29.10
Total Income		**6,702.38**	**4,939.42**
Expenses			
Finance costs	18	2,207.48	1,395.69
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Other expenses	20	925.63	665.81
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Total Expenses		**4,404.94**	**3,062.88**
Profit before tax		**2,297.45**	**1,876.54**
Tax expenses			
Current tax		614.13	500.31
(Excess)/Short provision for tax relating to previous year		-	(5.10)
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Total tax expense		**595.03**	**474.98**
Profit for the year		**1,702.42**	**1,401.56**
Earnings per equity share [nominal value of share ₹10/-]			
Basic and Diluted Earnings per Share (₹)	22	5.79	4.76
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership no: 208654

Place: Thrissur
Date: 04th October, 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]

J Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date: 04th October, 2023

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

d. DEPRECIATION

Depreciation has been provided on Written Down Value method as per the useful life estimated by the management. The estimates of useful life followed by the company is provided as under:

Assets	Life of Assets (Years)
Strong Room	20 (acquired up to 31-03-15)*
	10 (Others)
Furniture and Fixtures	20 (acquired up to 31-03-15)*
	10 (Others)
Vehicles	8
Computer & Accessories	3 (End user devices)
	6 (Servers and networks)
Office & Electrical Equipments	20 (acquired up to 31-03-15)*
	10 (Others)

*Based on the estimation given by the chartered engineer

e. IMPAIRMENT OF ASSETS

The company assesses at each reporting date whether there is an indication that an asset may be impaired.If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f. REVENUES

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest, where installments are overdue in respect of non performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the installments become overdue with respect to non performing assets is reversed. Interest on deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

g. EMPLOYEE BENEFITS

Employee benefits in the form of Provident Fund and Employee State Insurance is a defined contribution scheme and the contributions are charged to the statement of Profit and Loss of the year when the contributions to the fund is due. Gratuity payable under "The Payment of Gratuity Act, 1972" is accrued and provided for on the basis of an actuarial valuation on projected unit credit method. The Company does not have a scheme of encashment of earned leave. The Earned leave which is not utilized during the year will be automatically lapsed at the end of the year and can not be carried forward. Hence no provision has been made in the accounts for encashment of leave and carried forward of earned leave.

h. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of an asset which takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset.All other borrowing costs are expensed in the period in which they incur.

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

i. INCOME TAX

Tax expense comprises current and deferred tax.Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balancesheet date. The Company write-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.

j. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing share holders; share split;and reverse share split, if any.

k. PROVISIONS

i) A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made . These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

ii) Provisioning policy for gold loan and other portfolio loans

Secured loans are classified /provided for as per management's best estimates, subject to minimum provision required as per Non Banking Financial Company-Non Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as follows

Gold and other loans

Asset Classification	Provisioning policy
Standard Assets	0.25%
Sub-standard Assets	10% on Outstanding
Doubtful Assets	
D1	100% of unsecured portion + 20 % of secured portion
D2	100% of unsecured portion + 30 % of secured portion
D3	100% of unsecured portion + 50 % of secured portion
Loss Assets	100%

l. SEGMENT REPORTING

The Company primarily operates in the business of gold loan and its operations are in India. Accordingly no segment reporting is applicable.

m. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash in hand ,cash at bank and deposits having orginal maturity of three months or less

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22

n. CONTINGENT LIABILITIES

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

o. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership for the leased term, are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognised as an expense in the statement of profit and loss.

p. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method,whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

q. INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Long-term investments are carried at cost. Provision for diminution shall be made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

r. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

MUTHOOT MERCANTILE LIMITED
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MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 3

Share capital

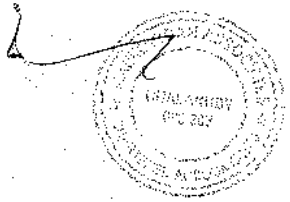
	31-Mar-22	31-Mar-21
Authorized shares		
5,50,00,000 (Previous Year: 5,50,00,000) equity shares of ₹10/- each	5,500.00	5,500.00
Issued, subscribed and fully paid-up shares		
2,94,18,750 (Previous Year: 2,94,18,750) equity shares of ₹10/- each	2,941.88	2,941.88
Total	**2,941.88**	**2,941.88**

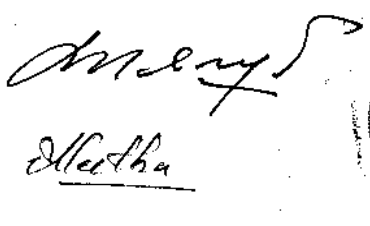
a.Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31-Mar-22		31-Mar-21	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	2,94,18,750	2,941.88	2,94,18,750	2,941.88
Shares issued during the year	-	-	-	-
Shares bought back	-	-	-	-
Shares outstanding at the end of the year	**2,94,18,750**	**2,941.88**	**2,94,18,750**	**2,941.88**

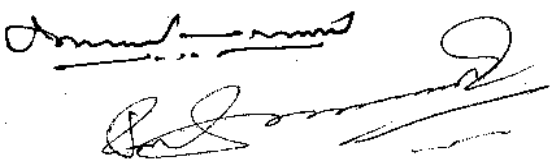
b.Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.









MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 3 (Contd.)
Share capital

c.Aggregate number and class of shares alloted as fully paid-up by way of bonus shares for the period of five years immediately preceding the date as at which the Balance Sheet is prepared :

Class of Shares	No of Shares	Financial Year
Equity Shares	2,61,12,500	2016-17

d.Aggregate number and class of shares bought back for the period of five years immediately preceding the date as at which the Balance Sheet is prepared :

Class of Shares	No of Shares	Financial Year
Equity Shares	1,30,00,000	2016-17
Equity Shares	98,06,250	2018-19

e.Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹10/- each fully paid)

Name of the Shareholder	31-Mar-22		31-Mar-21	
	Number	% of holding in the class	Number	% of holding in the class
M. Mathew	1,43,67,300	48.84%	1,43,67,300	48.84%
Richi Mathew	1,05,07,198	35.72%	1,05,07,198	35.72%
Reena Varghese	44,49,681	15.13%	44,49,681	15.13%

As per 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 ownership of shares.

f.Shareholding of Promoters

31st March, 2022

Shares held by promoters at the end of the year			% Change during the year
Promoter name	**No. of Shares**	**% of total shares**	
M. Mathew	1,43,67,300	48.84%	NIL
Ammini Mathew	93,899	0.31%	NIL
Reena Varghese	44,49,681	15.12%	NIL
Richi Mathew	1,05,07,198	35.71%	NIL
Total	**2,94,18,078**	**100%**	**NIL**

31st March, 2021

Shares held by promoters at the end of the year			% Change during the year
Promoter name	**No. of Shares**	**% of total shares**	
M. Mathew	1,43,67,300	48.84%	NIL
Ammini Mathew	93,899	0.31%	NIL
Reena Varghese	44,49,681	15.12%	NIL
Richi Mathew	1,05,07,198	35.71%	NIL
Total	**2,94,18,078**	**100%**	**NIL**

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 4
Reserves and surplus

	31-Mar-22	31-Mar-21
Capital redemption reserve		
Balance as per the last financial statement	2,280.63	2,280.63
Total (A)	**2,280.63**	**2,280.63**
Statutory reserve		
Balance as per the last financial statement	2,168.87	1,885.87
Amount transferred from surplus balance in the statement of profit and loss pursuant to section 45-IC of the Reserve Bank of India Act, 1934	343.00	283.00
Total (B)	**2,511.87**	**2,168.87**
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statement	2,643.52	1,524.96
Profit for the year	1,702.42	1,401.56
	4,345.95	**2,926.52**
Less: Appropriations		
Transfer to statutory reserve pursuant to section 45-IC of the Reserve Bank of India Act, 1934	343.00	283.00
Total (C)	**4,002.95**	**2,643.52**
Total (A)+(B)+(C)	**8,795.44**	**7,093.01**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5
Long-term borrowings

	Non-current portion		Current maturities	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Non-convertible Debentures*	3,746.00	2,942.84	736.58	326.35
Subordinate Debts**	15,062.54	11,545.96	-	-
Perpetual Debt Instrument***	300.00	300.00	-	-
Term Loan****	4,478.92	-	1,040.00	-
	23,587.46	**14,788.80**	**1,776.58**	**326.35**
The above amount includes				
Secured borrowings	8,224.92	2,942.84	1,776.58	326.35
Unsecured borrowings	15,362.54	11,845.96	-	-
Amount disclosed under the head "Short-term borrowings" (Note 7)	-	-	(1,776.58)	(326.35)
Total	**23,587.46**	**14,788.80**	**-**	**-**

***(Secured by a hypothecation of Outstanding Gold Loan Receivables of the Company both present and future and all assets to be accrued from the proceeds generated by the private placement of Non Convertible secured debentures by the Company)**

***Include ₹ 17,150/- (Previous Year: ₹ 37,150/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements**

****Include ₹ 1,46,560/- (Previous Year: ₹ 1,69,480/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements**

***** Amount of funds raised through Perpetual Debt Instrument during the year is rupees Nil and outstanding at the close of the financial year is rupees three crores. The amount of Perpetual Debt Instrument comes to 2.52 % of current year Tier I Capital of the Company. The rate of Interest of Perpetual Debt Instrument is 12 %.The Instrument is purely unsecured and maturity is perpetual.**

*****Include ₹ 3,00,000/- (Previous Year: ₹ 3,00,000/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements**

******Secured by exclusive First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the company, on pari-passu basis with the Secured Creditors including debenture trustees and other banks(excluding book debts) with a margin of 25% as primary security and by equitable mortgage of the personal land and building of Mr.M Mathew & Mrs.Ammini Mathew, directors of the company as collateral security. The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew. Rate of interest is 255 bps above six month MCLR(present effective rate of interest is 9.50% per annum).**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)

A. Debentures (Secured)

i) Non Convertible Debentures of ₹1,000/- each -Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

31st March, 2022

Redeemable at par within	Rate of Interest							
	< 13%		>= 13% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	1,69,659	1,696.59	40,910	409.10	9,025	90.25	2,19,594	2,195.94
Due within 2-3 years	1,18,058	1,180.58	-	-	-	-	1,18,058	1,180.58
Due within 1-2 years	36,948	369.48	-	-	-	-	36,948	369.48
Due within 1 year	73,658	736.58	-	-	-	-	73,658	736.58
Total ₹	**3,98,323**	**3,983.23**	**40,910**	**409.10**	**9,025**	**90.25**	**4,48,258**	**4,482.58**

31st March, 2021

Redeemable at par within	Rate of Interest							
	< 13%		>= 13% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	1,74,379	1,743.79	18,710	187.10	9,725	97.25	2,02,814	2,028.14
Due within 2-3 years	35,298	352.98	-	-	-	-	35,298	352.98
Due within 1-2 years	56,172	561.72	-	-	-	-	56,172	561.72
Due within 1 year	32,635	326.35	-	-	-	-	32,635	326.35
Total ₹	**2,98,484**	**2,984.84**	**18,710**	**187.10**	**9,725**	**97.25**	**3,26,919**	**3,269.19**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)
ii]Non Convertible Debentures of ₹1,000/- each - Serieswise Classification

As at 31st March, 2022

Sl No	Series	Date of Issue	From Debenture O/s	Rate of Interest	Terms of Redemption
1	122	18-Aug-11	0.40	15.35%	At par at the end 36 months
2	126	19-Nov-11	1.00	14.85%	At par at the end 36 months
3	139	14-Sep-12	1.05	14.75%	At par at the end 60 months
4	143	22-Dec-12	0.25	11%-12%	At par at the end 36 months
5	146	26-Dec-12	0.07	10%-11.25%	At par at the end 36 months
8	172	29-Mar-19	6.50	9.25%-14.3%	At par at the end 36 months
9	173	15-Jul-19	292.00	9.25%-18.75%	At par at the end 36 months
10	174	15-Jan-20	75.67	9.25%-15.35%	At par at the end 36-60 months
11	175	10-Feb-20	302.70	9%-14.85%	At par at the end 36-90 months
12	176	22-Feb-20	258.10	9.25%-20%	At par at the end 36-90 months
13	177	23-Mar-20	209.80	9.75%-14.75%	At par at the end 36-84 months
14	178	22-May-20	258.30	9%-14.29%	At par at the end 24-84 months
15	179	03-Jul-20	401.74	10%-13.33%	At par at the end 60-90 months
16	180	12-Oct-20	229.02	9%-12.50%	At par at the end 36-96 months
17	181	19-Nov-20	520.01	9.25%-13.33%	At par at the end 36-90 months
18	182	07-Jan-21	279.50	9.25%-13.33%	At par at the end 36-90 months
19	183	29-Jun-21	322.13	8%-13.79%	At par at the end 12-87 months
20	184	11-Sep-21	222.00	9.25%-13.79%	At par at the end 36-87 months
21	185	30-Nov-21	480.50	9.25%-13.79%	At par at the end 36-87 months
22	186	05-Feb-22	300.00	7.25%-10.12%	At par at the end 12-60 months
23	187	12-Mar-22	185.66	7.25%-9.6%	At par at the end 12-60 months
24	188	30-Mar-22	145.45	7.25%-9.6%	At par at the end 12-60 months
Total			**4,491.85**		

As at 31st March, 2021

Sl No	Series	Date of Issue	From Debenture O/s	Rate of Interest	Terms of Redemption
1	122	18-Aug-11	0.40	15.35%	At par at the end 36 months
2	126	19-Nov-11	1.00	14.85%	At par at the end 36 months
3	139	14-Sep-12	1.05	14.75%	At par at the end 60 months
4	143	22-Dec-12	0.25	11%-12%	At par at the end 36 months
5	146	26-Dec-12	0.07	10%-11.25%	At par at the end 36 months
6	169	18-Sep-17	5.00	9.25%-20%	At par at the end 30 months
7	171	27-Feb-19	217.55	9%-18.75%	At par at the end 36 months
8	172	29-Mar-19	108.80	9.25%-14.3%	At par at the end 36 months
9	173	15-Jul-19	292.00	9.25%-18.75%	At par at the end 36 months
10	174	15-Jan-20	75.67	9.25%-15.35%	At par at the end 36-60 months
11	175	10-Feb-20	309.70	9%-14.85%	At par at the end 36-90 months
12	176	22-Feb-20	261.10	9.25%-20%	At par at the end 36-90 months
13	177	23-Mar-20	216.80	9.75%-14.75%	At par at the end 36-84 months
14	178	22-May-20	278.30	9%-14.29%	At par at the end 24-84 months
15	179	03-Jul-20	465.74	10%-13.33%	At par at the end 60-90 months
16	180	12-Oct-20	234.02	9%-12.50%	At par at the end 36-96 months
17	181	19-Nov-20	525.01	9.25%-13.33%	At par at the end 36-90 months
18	182	07-Jan-21	284.50	9.25%-13.33%	At par at the end 36-90 months
Total			**3,276.96**		

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)

B. Subordinate Debts (Unsecured)

i) Subordinate Debts of ₹1,000/- each -Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

31st March, 2022

Redeemable at par within	Rate of Interest							
	<10%		>= 10% < 11%		>=11%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	61,770	617.70	2,38,717	2,387.17	51,171	511.71	3,51,658	3,516.58
Due within 3-4 years	2,08,222	2,082.22	3,22,292	3,222.92	95,205	952.05	6,25,719	6,257.19
Due within 2-3 years	48,805	488.05	2,35,348	2,353.48	2,00,336	2,003.36	4,84,489	4,844.89
Due within 1-2 years	16,825	168.25	-	-	27,563	275.63	44,388	443.88
Due within 1 year	-	-	-	-	-		-	-
Total ₹	**3,35,622**	**3,356.22**	**7,96,357**	**7,963.57**	**3,74,275**	**3,742.75**	**15,06,254**	**15,062.54**

31st March, 2021

Redeemable at par within	Rate of Interest							
	<10%		>=10% < 11%		>=11%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	2,08,222	2,082.22	3,22,292	3,222.92	95,205	952.05	6,25,719	6,257.19
Due within 3-4 years	48,805	488.05	2,35,348	2,353.48	2,00,336	2,003.36	4,84,489	4,844.89
Due within 2-3 years	16,825	168.25	-	-	27,563	275.63	44,388	443.88
Due within 1-2 years	-	-	-	-	-	-	-	-
Due within 1 year	-	-	-	-	-	-	-	-
Total ₹	**2,73,852**	**2,738.52**	**5,57,640**	**5,576.40**	**3,23,104**	**3,231.04**	**11,54,596**	**11,545.96**

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)
ii] Subordinate Debts of ₹1,000/- each - Serieswise Classification

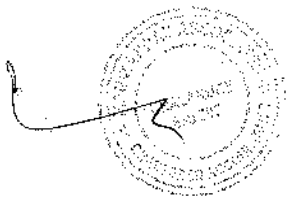
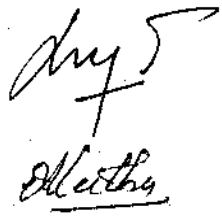
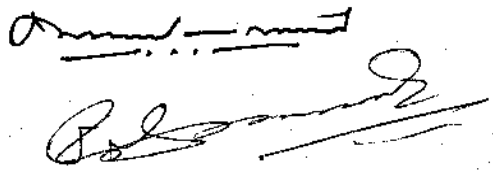
As at 31st March, 2022

Sl No	Month of Receipt	From Subordinate Debts O/s	Rate of Interest	Terms of Redemption
1	February 2019	158.61	9.5%-11.81%	At par at the end 60 months
2	March 2019	285.27	9.5%-11.81%	At par at the end 60 months
3	April 2019	361.66	9.5%-11.81%	At par at the end 60 months
4	July 2019	323.62	9.5%-11.81%	At par at the end 60 months
5	August 2019	262.49	9.5%-11.81%	At par at the end 60 months
6	September 2019	578.52	10%-11.85%	At par at the end 60 months
7	October 2019	528.98	10%-11.85%	At par at the end 60 months
8	November 2019	710.14	10%-11.29%	At par at the end 60 months
9	December 2019	714.71	10%-11.29%	At par at the end 60 months
10	January 2020	632.34	10%-11.29%	At par at the end 60 months
11	February 2020	444.93	10%-11.29%	At par at the end 60 months
12	March 2020	287.50	10%-11.29%	At par at the end 60 months
13	April 2020	319.41	10%-11.29%	At par at the end 60 months
14	May 2020	598.00	10%-11.29%	At par at the end 60 months
15	June 2020	353.65	9.75%-10.97%	At par at the end 60 months
16	July 2020	331.71	9.75%-10.97%	At par at the end 60 months
17	August 2020	771.37	9%-10.97%	At par at the end 60 months
18	September 2020	318.30	9%-9.75%	At par at the end 60 months
19	October 2020	330.53	9.25%-10%	At par at the end 60 months
20	November 2020	730.93	9.85%-10.5%	At par at the end 60 months
21	December 2020	311.04	9.85%-10.5%	At par at the end 60 months
22	January 2021	985.50	10.25%-11%	At par at the end 60 months
23	February 2021	814.01	10.25%-11%	At par at the end 60 months
24	March 2021	392.74	9.20%-11%	At par at the end 60 months
25	April 2021	341.61	10.25%-11%	At par at the end 60 months
26	May 2021	276.96	10%-11%	At par at the end 60 months
27	June 2021	290.67	10%-11%	At par at the end 60 months
28	July 2021	319.21	10%-11%	At par at the end 60 months
29	August 2021	295.49	10%-11%	At par at the end 60 months
30	September 2021	471.59	10%-11%	At par at the end 60 months
31	October 2021	393.01	10%-11%	At par at the end 60 months
32	November 2021	363.26	9%-11%	At par at the end 60 months
33	December 2021	348.94	9% - 10%	At par at the end 60 months
34	January 2022	321.99	9% - 10%	At par at the end 60 months
35	February 2022	79.05	8%-9%	At par at the end 60 months
36	March 2022	14.80	8%-9%	At par at the end 60 months
Total		**15,062.54**		

As at 31st March, 2021

Sl No	Month of Receipt	From Subordinate Debts O/s	Rate of Interest	Terms of Redemption
1	February 2019	186.11	9.5%-11.81%	At par at the end 60 months
2	March 2019	257.77	9.5%-11.81%	At par at the end 60 months

3	April 2019	361.66	9.5%-11.81%	At par at the end 60 months
4	July 2019	355.62	9.5%-11.81%	At par at the end 60 months
5	August 2019	230.49	9.5%-11.81%	At par at the end 60 months
6	September 2019	578.52	10%-11.85%	At par at the end 60 months
7	October 2019	549.27	10%-11.85%	At par at the end 60 months
8	November 2019	689.85	10%-11.29%	At par at the end 60 months
9	December 2019	742.86	10%-11.29%	At par at the end 60 months
10	January 2020	620.14	10%-11.29%	At par at the end 60 months
11	February 2020	428.98	10%-11.29%	At par at the end 60 months
12	March 2020	287.50	10%-11.29%	At par at the end 60 months
13	April 2020	319.41	10%-11.29%	At par at the end 60 months
14	May 2020	598.00	10%-11.29%	At par at the end 60 months
15	June 2020	353.65	9.75%-10.97%	At par at the end 60 months
16	July 2020	331.71	9.75%-10.97%	At par at the end 60 months
17	August 2020	771.37	9%-10.97%	At par at the end 60 months
18	September 2020	318.30	9%-9.75%	At par at the end 60 months
19	October 2020	330.53	9.25%-10%	At par at the end 60 months
20	November 2020	730.93	9.85%-10.5%	At par at the end 60 months
21	December 2020	311.04	9.85%-10.5%	At par at the end 60 months
22	January 2021	985.50	10.25%-11%	At par at the end 60 months
23	February 2021	814.01	10.25%-11%	At par at the end 60 months
24	March 2021	392.74	9.20%-11%	At par at the end 60 months
Total		**11,545.96**		


MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)

C. Term Loan (Secured)

Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

31st March, 2022

Repayable within	Rate of interest
	9.50%
Due within 4-5 years	860.00
Due within 3-4 years	1,200.00
Due within 2-3 years	1,200.00
Due within 1-2 years	1,200.00
Due within 1 year	1,040.00
Total ₹	**5,500.00**

This does not include exchange fluctuation of ₹18,915.45/-

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 6

Other liabilities

	Non-current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Interest accrued but not due on debenture*	189.24	119.90	84.83	45.58
Interest accrued but not due on perpetual debt instrument **	-	-	8.10	5.55
Interest accrued but not due on subordinate debts***	1,019.88	513.81	-	-
Interest accrued and due on debenture	-	-	1.18	1.37
Interest accrued and due on perpetual debt instrument	-	-	-	-
Interest accrued and due on subordinate debts	-	-	26.05	17.40
Interest accrued and due on loan from director****	-	-	-	10.55
Statutory dues payable	-	-	77.83	18.92
Employee related payables	-	-	140.19	105.98
Unpaid matured debentures and Interest accrued thereon***	-	-	13.27	11.06
Other Payables	-	-	5.96	-
Total	**1,209.12**	**633.71**	**357.42**	**216.42**

*Include ₹ 4,043.22/- (Previous Year: ₹ 4,104.18/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

**Include ₹ 8,100.00/- (Previous Year: ₹ 5,550.00/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

***Include ₹ 25,393.47/- (Previous Year: ₹ 11,813.68/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

****Interest accrued and due to Mr. M. Mathew, Wholetime director of the Company

*****Include ₹ 4,595.93/- (Previous Year: NIL) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

Disclosure relating to Investor Education and Protecion Fund

Liability towards Investor Education and Protection Fund towards unpaid dividends, and unpaid matured debentures and interest on matured debentures	2.03	Nil	Nil	Nil

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 7
Short-term borrowings

	31-Mar-22	31-Mar-21
Secured Borrowings		
Current maturities of long-term borrowings (Note 5)*	1,776.58	326.35
-Loan repayable on demand		
From Banks (Cash credit)		
State Bank of India**	2,443.86	4,710.09
Indian Overseas Bank***	7.98	8.11
Karur Vysya Bank****	35.90	-
Unsecured Borrowings#		
Loan from Director	-	167.38
Total	**4,264.32**	**5,211.92**

*Include ₹3,000.00/- (Previous Year: ₹3,500.00) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

**Secured by exclusive First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the company, on pari-passu basis with the Secured Creditors including debenture trustees and other banks(excluding book debts) with a margin of 25% as primary security and by equitable mortgage of the personal land and building of Mr.M Mathew & Mrs.Ammini Mathew, directors of the company as collateral security. The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew. Rate of interest is 255 bps above six month MCLR(present effective rate of interest is 9.50% per annum). Cash credit limit is rupees fifty Crore.

*** Rate of interest is 6.65% per annum. Amount Sanctioned is rupees eight lakhs. Tenure of Cash Credit is for one year.

**** Secured by first pari-passu charge along with other lenders on Current Assets, Book Debts, loans and Advances and the receivables including the gold loan receivables with a margin of 25% as primary security and by equitable mortgage of personnal land in the name of Mr. M Mathew & Mr. Richi Mathew, directors of the company as colletral security. The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew. The rate of interest shall be 0.80% p.a. over and above the One year Marginal Cost of funds based Lending Rate(MCLR) which is presently at 8.65% (present effective rate of interest is 9.45% per annum). Cash credit limit is rupees fifteen Crore.

#During the year the Company has accepted unsecured loan of ₹12,500.00/- (Previous year: ₹ 3,88,750.00/-) from Mr.M Mathew , Wholetime director of the Company. The loan is repayable on demand. Rate of interest is @ 9% per annum. Oustanding balance as on 31st March, 2022 is NIL/-(Previous Year: ₹1,67,380.90/-)

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 8
Trade payables

	31-Mar-22	31-Mar-21
Total outstanding dues of micro enterprises and small enterprises; and	17.20	-
Total outstanding dues of creditors other than micro enterprises and small enterprises.	55.35	42.86
Total	**72.55**	**42.86**

Disclosure relating to Micro, Small and Medium Enterprises

	31-Mar-22	31-Mar-21
the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	17.20	-
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil
the amount of interest accrued and remaining unpaid at the end of each accountang year; and	Nil	Nil
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2022 and 31st March, 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

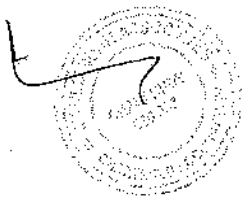
MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

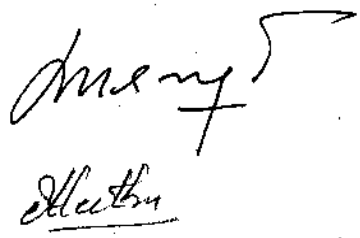
Disclosure:- Schedule for Trade payables due for payment for the year ended 31st march 2022

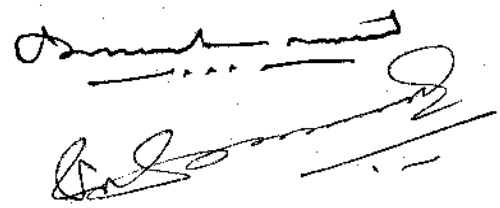
Particulars	Outstanding for following periods from the date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	17.20	NIL	NIL	NIL	17.20
ii) Others	55.35	NIL	NIL	NIL	55.35
iii) Disputed dues - MSME	NIL	NIL	NIL	NIL	NIL
iv) Disputed dues - Others	NIL	NIL	NIL	NIL	NIL

Disclosure:- Schedule for Trade payables due for payment for the year ended 31st march 2021

Particulars	Outstanding for following periods from the date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	NIL	NIL	NIL	NIL	NIL
ii) Others	42.86	NIL	NIL	NIL	42.86
iii) Disputed dues - MSME	NIL	NIL	NIL	NIL	NIL
iv) Disputed dues - Others	NIL	NIL	NIL	NIL	NIL





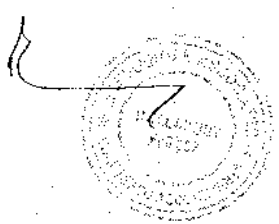


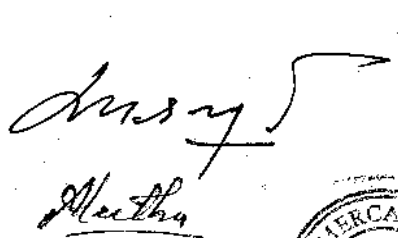


MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

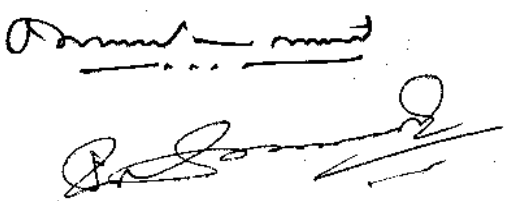
Note 9
Provisions

	Non-Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
A. Provision for employee benefits				
Provision for Gratuity	73.61	73.80	23.02	29.23
Total A	**73.61**	**73.80**	**23.02**	**29.23**
B. Other provisions				
Provision for Non Performing Asset	-	-	12.48	6.10
Contingent Provisions against Standard Assets	-	-	84.32	71.04
Provision for CSR Expenditure	-	-	-	14.54
Provision for Taxation	-	-	614.13	500.31
Total B	-	-	**710.92**	**591.98**
Total (A+B)	**73.61**	**73.80**	**733.95**	**621.21**









MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 10A
Property, Plant and Equipment

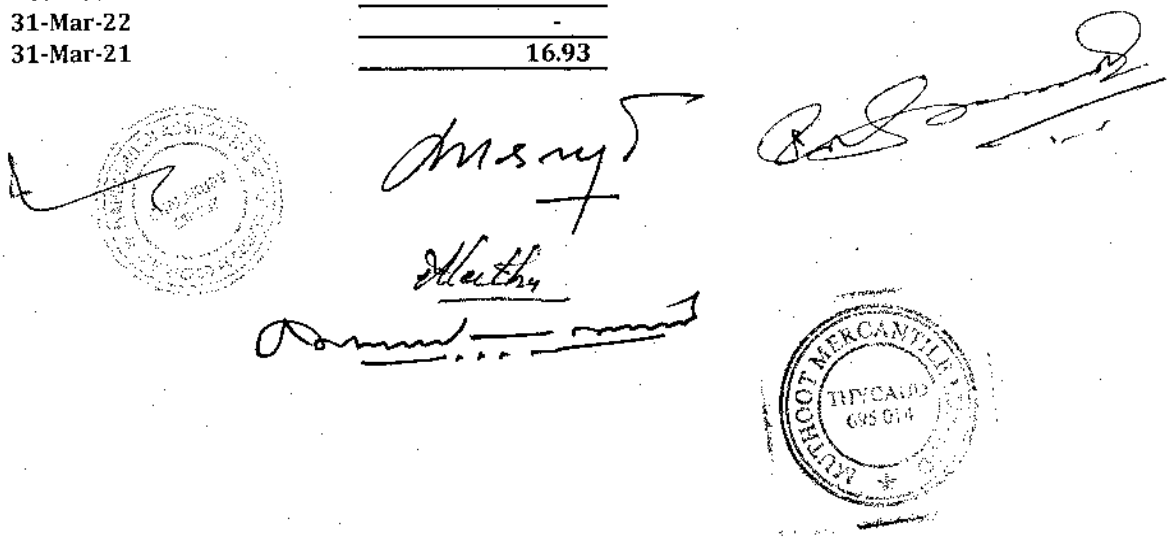
	Land	Strong Room	Furniture and Fixtures	Vehicles	Computer & Accessories	Office&Electrical Equipments	Total
Cost							
01-Apr-20	4.32	161.61	332.64	213.89	140.93	224.46	1,077.84
Additions	-	25.60	25.63	0.18	3.57	26.14	81.11
Deletions	-	-	-	-	-	-	-
31-Mar-21	**4.32**	**187.20**	**358.26**	**214.07**	**144.50**	**250.60**	**1,158.95**
Cost							
01-Apr-21	4.32	187.20	358.26	214.07	144.50	250.60	1,158.95
Additions	-	64.61	70.68	6.22	17.80	65.77	225.08
Deletions	-	-	5.19	33.53	-	-	38.72
31-Mar-22	**4.32**	**251.82**	**423.76**	**186.76**	**162.30**	**316.36**	**1,345.32**
Accumulated Depreciation							
01-Apr-20	-	103.08	190.47	131.56	126.55	160.81	712.47
Charge for the year	-	17.39	35.98	25.45	7.69	19.08	105.59
Deletions	-	-	-	-	-	-	-
31-Mar-21	**-**	**120.46**	**226.46**	**157.01**	**134.24**	**179.89**	**818.07**
Accumulated Depreciation							
01-Apr-21	-	120.46	226.46	157.01	134.24	179.89	818.07
Charge for the year	-	30.22	45.98	19.54	14.02	31.48	141.24
Deletions	-	-	4.93	33.04	-	-	37.97
31-Mar-22	**-**	**150.69**	**267.51**	**143.51**	**148.26**	**211.37**	**921.34**
Net Block							
31-Mar-22	**4.32**	**101.13**	**156.25**	**43.25**	**14.04**	**104.99**	**423.98**
31-Mar-21	**4.32**	**66.74**	**131.81**	**57.06**	**10.26**	**70.71**	**340.89**

MUTHOOT MERCANTILE LIMITED THIYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 10B
Intangible assets

	Computer Software
Cost	
01-Apr-20	84.63
Additions	-
Deletions	-
31-Mar-21	**84.63**
Cost	
01-Apr-21	84.63
Additions	-
Deletions	-
31-Mar-22	**84.63**
Amortization	
01-Apr-20	50.78
Charge for the year	16.93
Deletions	-
31-Mar-21	**67.71**
Amortization	
01-Apr-21	67.71
Charge for the year	16.93
Deletions	-
31-Mar-22	**84.63**
Net Block	
31-Mar-22	-
31-Mar-21	**16.93**



MUTHOOT MERCANTILE LIMITED

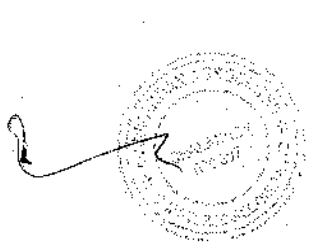
Notes to the financial statements for the year ended 31-March-22

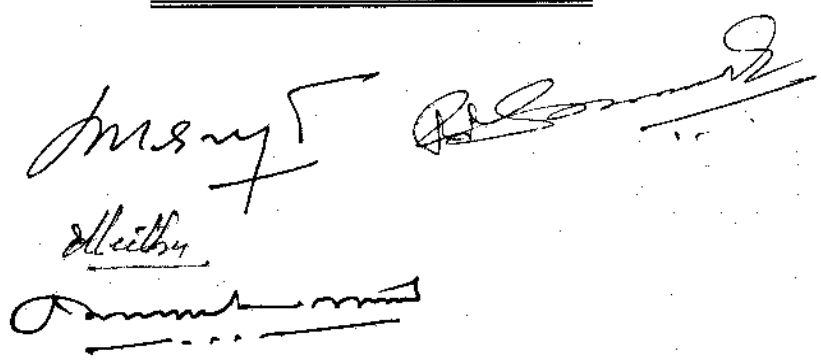
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 11

Deferred tax assets (net)

	31-Mar-22	31-Mar-21
Current year Deferred tax asset/(liability)		
On account of Depreciation	71.68	53.42
On account of Provision for Gratuity	32.34	34.78
On account of 40 a disallowances	-	0.09
On account of Provision for Standard Assets	21.97	18.60
Total	**126.00**	**106.90**







MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 12

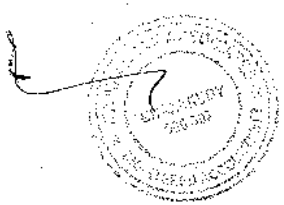
Loans and advances

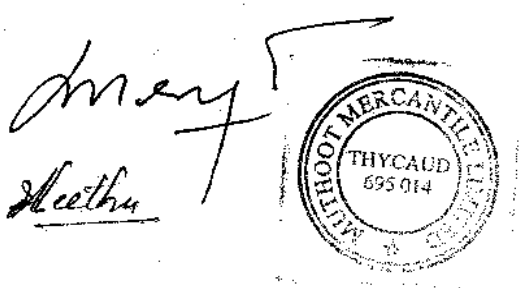
	Non-current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Portfolio Loan #				
Secured,considered good				
Gold loan	-	0.17	33,255.80	28,468.69
Unsecured, considered good				
Pronote loan	-	-	596.13	-
Total (A)	**-**	**0.17**	**33,851.93**	**28,468.69**

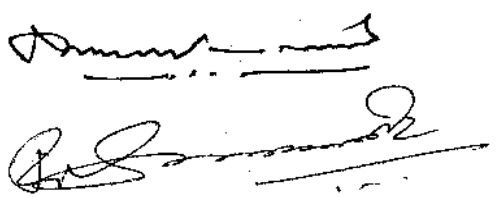
Provision for the same has been disclosed seperately under note 9 .

Additional disclosure as required by Notification DNBS.CC.PD.No.265/03.10.01/2011-2012 dated 21 March, 2012 issued by the RBI

	31-Mar-22	31-Mar-21
Total Gold loan portfolio	33,255.80	28,468.86
Total Assets	42,035.74	31,623.60
Gold loan portfolio as a percentage of total assets	79.11%	90.02%







MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 12 (Contd.)

Loans and advances

	Non-current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Other Advances (Unsecured, considered good)				
Fringe Benefit Tax refund due	0.14	0.14	-	-
Income Tax refund due	12.01	29.68	-	-
Advance Tax	365.00	235.00	-	-
Other prepaid taxes	261.62	268.68	-	-
TDS Refund Due	1.39	0.22	-	-
Prepaid Expenses	-	-	7.94	6.02
Capital Advances	15.75	-	-	-
Total (B)	**655.90**	**533.72**	**7.94**	**6.02**
Total (A)+(B)	**655.90**	**533.89**	**33,859.87**	**28,474.71**
Loans and Advances due by directors or other officers of the company or any of them either severally or jointly with any other persons	Nil	Nil	Nil	Nil
Amounts due by firms or private companies in which any director is a partner or a director or a member	Nil	Nil	Nil	Nil

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

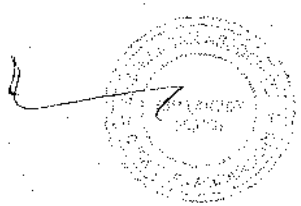
Note 13

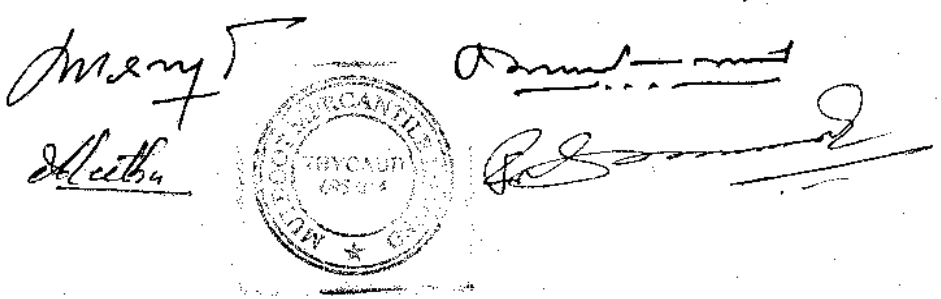
Investments

	Non-current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Investments in Mutual Funds				
SBI Mutual Fund	-	-	1,101.98	-
	-	-	**1,101.98**	-

Disclsoure relating to investments

Aggregate amount of quoted investments and market value thereof	NIL	NIL	1,105.14	NIL
Aggregate amount of unquoted investments	NIL	NIL	NIL	NIL
Aggregate provision for diminution in value of investments	NIL	NIL	NIL	NIL
	-	-	**1,105.14**	-





Note 14
Cash and bank balances

	Non-current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Cash and cash equivalents				
Balances with banks	-	-	2,798.43	118.69
Cash on hand	-	-	660.98	81.91
Treasury Savings Bank	-	-	4.88	2.21
	-	-	**3,464.29**	**202.82**
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months			**10.48**	**10.00**
Earmarked balances with banks				
Unpaid NCD trustee account	-	-	4.72	4.73
Total	-	-	**3,479.50**	**217.55**

Note 15
Other assets

	Non-current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Interest accrued:				
Interest accrued on Loan	-	-	1,882.30	1,508.11
Interest accrued on Bank deposit	-	-	0.10	0.11
Interest accrued on Treasury deposit	-	-	2.41	1.20
Security Deposits:				
Treasury Deposit	21.40	21.40	22.28	22.28
Rental Deposits*	434.74	359.27	-	-
Other Security Deposits	7.47	5.18	-	-
Others:				
Other Receivables	-	-	17.80	15.20
Total	**463.62**	**385.86**	**1,924.89**	**1,546.88**

*Rental Deposit Include rupees 1.5 Crore paid to Mr. M Mathew & Mrs. Ammini Mathew, Wholetime directors of the company as a security deposit in respect of leasing of Head Office premise.

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 16
Revenue from operation

	31-Mar-22	31-Mar-21
Interest Income	6,622.15	4,888.61
Other Financial services		
Service Charges Received	42.47	17.83
Commission Received	9.20	3.87
Total	6,673.83	4,910.32

Note 17
Other income

	31-Mar-22	31-Mar-21
Interest on Treasury deposit	3.88	3.88
Interest on Fixed deposit with banks	2.40	2.62
Interest on Income tax refund	0.87	6.20
Interest on electricity deposit	0.12	0.16
Rent Received	15.44	16.20
Creditors no longer required written off	-	0.02
Profit on Sale of Property, Plant and Equipment	3.75	-
Gain on sale of mutual fund	2.09	-
Total	28.56	29.10

Note 18
Finance costs

	31-Mar-22	31-Mar-21
Interest		
Interest on Debenture	392.41	316.39
Interest on Subordinate Debts	1,401.35	853.54
Interest on Bank borrowings	374.98	178.25
Interest on Loan from director	2.47	11.51
Interest on Perpetual Debt Instrument	36.00	36.00
Interest on shortfall in payment of advance income tax	0.26	-
Total	2,207.48	1,395.69

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 19
Employee benefits expense

	31-Mar-22	31-Mar-21
Salaries and allowances	1,078.51	853.71
Contribution to provident and other funds	35.15	25.15
Total	**1,113.66**	**878.86**

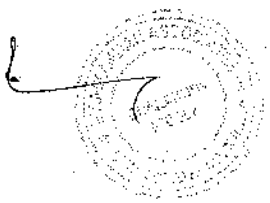
Note 20
Other expenses

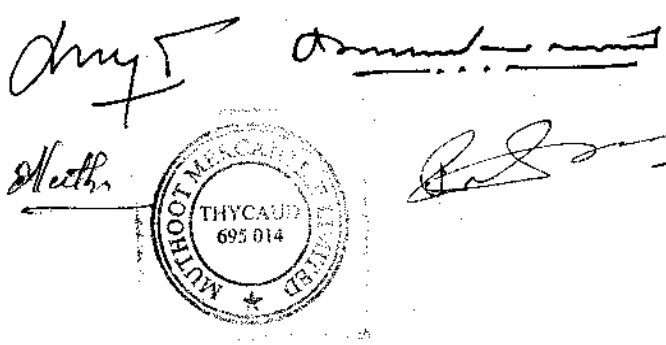
	31-Mar-22	31-Mar-21
Electricity Charges	35.02	29.31
Rent	432.57	365.53
Rates and taxes	6.86	8.81
Insurance	13.72	9.92
Repairs and maintenance	18.26	31.60
Computer maintenance and services	3.04	1.33
Corporate Social Responsibility Expenditure	48.76	19.54
Advertising and sales promotion	25.39	33.83
Travelling and conveyance	57.59	20.09
Telephone Charges	21.95	19.40
Printing and stationery	22.08	6.90
Office expenses	52.30	46.03
Bank charges	109.22	23.07
Professional charges	39.38	20.18
Bad Debt	-	40.63
Provision for non performing assets	6.38	(40.50)
Contingent provisions against standard assets	13.28	29.71
Loss on account of exchange rate fluctuation*	18.92	-
Refreshment Expenses	0.93	0.43
Total	**925.63**	**665.81**

*During the year the company has incurred loss of ₹18,915.45/- due to foreign exchange rate difference on term loan availed by the company.

Professional charges include payment to auditors:

	31-Mar-22	31-Mar-21
as auditor	1.18	1.18
for taxation matters	-	-
for company law matters	-	-
for management services	-	-
for other services	-	-
for reimbursement of expenses	-	-
Total	**1.18**	**1.18**





MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 19
Employee benefits expense

	31-Mar-22	31-Mar-21
Salaries and allowances	1,078.51	853.71
Contribution to provident and other funds	35.15	25.15
Total	**1,113.66**	**878.86**

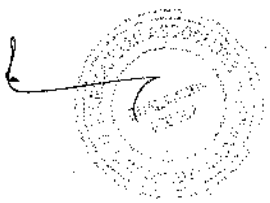
Note 20
Other expenses

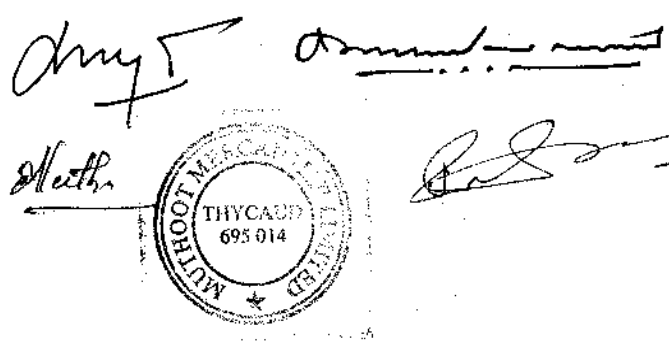
	31-Mar-22	31-Mar-21
Electricity Charges	35.02	29.31
Rent	432.57	365.53
Rates and taxes	6.86	8.81
Insurance	13.72	9.92
Repairs and maintenance	18.26	31.60
Computer maintenance and services	3.04	1.33
Corporate Social Responsibility Expenditure	48.76	19.54
Advertising and sales promotion	25.39	33.83
Travelling and conveyance	57.59	20.09
Telephone Charges	21.95	19.40
Printing and stationery	22.08	6.90
Office expenses	52.30	46.03
Bank charges	109.22	23.07
Professional charges	39.38	20.18
Bad Debt	-	40.63
Provision for non performing assets	6.38	(40.50)
Contingent provisions against standard assets	13.28	29.71
Loss on account of exchange rate fluctuation*	18.92	-
Refreshment Expenses	0.93	0.43
Total	**925.63**	**665.81**

*During the year the company has incurred loss of ₹18,915.45/- due to foreign exchange rate difference on term loan availed by the company.

Professional charges include payment to auditors:

	31-Mar-22	31-Mar-21
as auditor	1.18	1.18
for taxation matters	-	-
for company law matters	-	-
for management services	-	-
for other services	-	-
for reimbursement of expenses	-	-
Total	**1.18**	**1.18**

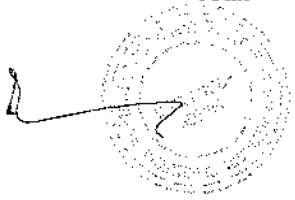


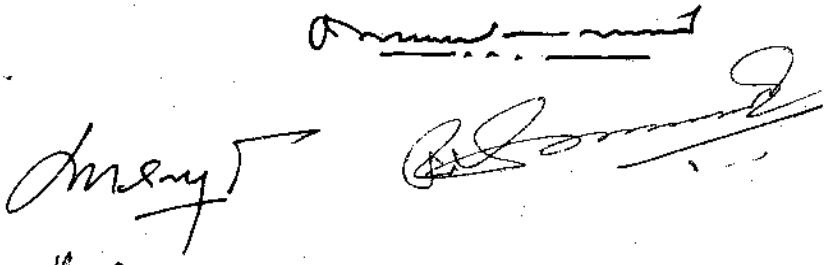


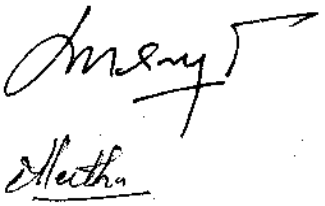
MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

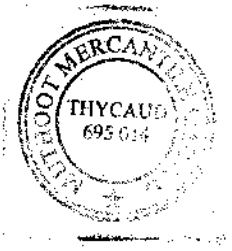
Note 21
Depreciation and amortization expense

	31-Mar-22	31-Mar-21
Depreciation of tangible assets	141.24	105.59
Amortization of intangible assets	16.93	16.93
Total	**158.17**	**122.52**









MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Indian rupees, unless other wise stated)

Note 22

Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31-Mar-22	31-Mar-21
Net profit/(loss) for calculation of basic EPS (A)	1,702.42	1,401.56
Weighted average number of equity shares in calculating basic EPS (B)	29,419	29,419
Effect of dilution	-	-
Weighted average number of equity shares in calculating diluted EPS (C)	29,419	29,419
Earnings Per Share (A/B) (Basic)	5.79	4.76
Earnings Per Share (A/C) (Diluted)	5.79	4.76

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23
Name of related parties

Associates/Enterprises owned or significantly influenced by key management personnel/ Director or their relatives	Muthoot Computer Software Development and Research Institute Private Limited Richi Mathew Software Technologies Limited Richi Mathew Securities Limited Muthoot Mercantile Nidhi Limited Muthoot Syndicate Nidhi Limited Muthoot Credits & Investments Muthoot M Ninan Memorial Charitable Society Muthoot Mrs. Accama Ninan Memorial Charitable Society
Key Management Personnel/ Director or their relatives	Richi Mathew (Managing Director) M Mathew (Wholetime Director) Ammini Mathew(Wholetime Director) Reena Vargheese Neelakandan Madaswamy Chandrasekharan Nair Aswathy Pradeep (Company Secretary) M R Rajeev (Chief Financial Officer) Asha Richi Mathew (Wife of Richi Mathew) Nikita Elizabeth Varghese (Daughter of Reena Varghese) Giselle Richi (Daughter of Richi Mathew) Gabriela Ninan Richi (Daughter of Richi Mathew) Nimisha Elizabeth Verghese (Daughter of Reena Varghese)

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Expenses recorded in the books:						
Rent						
M Mathew	-	-	9.00	9.00	**9.00**	**9.00**
Ammini Mathew	-	-	9.00	9.00	**9.00**	**9.00**
Remuneration			-	-		
Richi Mathew	-	-	30.00	30.00	**30.00**	**30.00**
Ammini Mathew	-	-	24.00	24.00	**24.00**	**24.00**
P R Padmakumar	-	-	-	0.34	-	**0.34**
Aswathy Pradeep	-	-	6.45	6.00	**6.45**	**6.00**
M R Rajeev	-	-	11.15	6.63	**11.15**	**6.63**
Gratuity Paid						
P R Padmakumar	-	-	-	0.88	-	**0.88**
Interest on Perpetual Debt Instrument						
M Mathew	-	-	0.04	0.04	**0.04**	**0.04**
Interest paid on Loan from Directors						
M Mathew	-		0.00	0.01	**0.00**	**0.01**
Interest paid on Debentures						
Nikita Elizabeth Verghese	-	-	0.52	0.59	**0.52**	**0.59**
Asha Richi Mathew	-	-	1.79	0.04	**1.79**	**0.04**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Interest paid on Subordinate Debts						
Nikita Elizabeth Verghese	-	-	4.03	3.39	**4.03**	**3.39**
Giselle Richi	-	-	1.29	0.48	**1.29**	**0.48**
Asha Richi Mathew	-	-	0.46	0.26	**0.46**	**0.26**
Reena Varghese	-	-	3.76	2.05	**3.76**	**2.05**
M Mathew	-	-	1.35	1.69	**1.35**	**1.69**
Gabriela Ninan Richi	-	-	0.55	0.05	**0.55**	**0.05**
Nimisha Elizabeth Verghese	-	-	4.27	3.33	**4.27**	**3.33**
Income recorded in the books:			-	-		
Rental Income			-	-		
Muthoot Syndicate Nidhi Limited	15.44	16.20	-	-	**15.44**	**16.20**
			-	-		
Fee on Intellectual Property Rights			-	-		
Muthoot Syndicate Nidhi Limited	-	25,000.00	-	-	-	**25,000.00**
Balance outstanding as at the period end:			-	-		
Loan from Director			-	-		
M Mathew			-	-		
Balance outstanding at the beginning	-	-	0.17	250.03	**0.17**	**250.03**
Amount Accepted	-	-	12.50	388.75	**12.50**	**388.75**
Amount Repaid	-	-	179.88	471.40	**179.88**	**471.40**
Balance outstanding at the year end	-	-	(0.17)	167.38	**(0.17)**	**167.38**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Debenture						
Nikita Elizabeth Verghese						
Balance outstanding at the beginning	-	-	16.50	6.50	**16.50**	**6.50**
Amount Accepted	-	-	-	10.00	**-**	**10.00**
Amount Repaid	-	-	10.00	-	**10.00**	**-**
Balance outstanding at the year end	-	-	6.50	16.50	**6.50**	**16.50**
Asha Richi Mathew						
Balance outstanding at the beginning	-	-	24.15	7.00	**24.15**	**7.00**
Amount Accepted	-	-	-	17.15	**-**	**17.15**
Amount Repaid	-	-	7.00	-	**7.00**	**-**
Balance outstanding at the year end	-	-	17.15	24.15	**17.15**	**24.15**
Subordinate Debts						
Nikita Elizabeth Verghese						
Balance outstanding at the beginning	-	-	35.59	7.84	**35.59**	**7.84**
Amount Accepted	-	-	-	27.75	**-**	**27.75**
Amount Repaid	-	-	-	-	**-**	**-**
Balance outstanding at the year end	-	-	35.59	35.59	**35.59**	**35.59**
Giselle Richi						
Balance outstanding at the beginning	-	-	9.80	2.30	**9.80**	**2.30**
Amount Accepted	-	-	3.15	7.50	**3.15**	**7.50**
Amount Repaid	-	-	-	-	**-**	**-**
Balance outstanding at the year end	-	-	12.95	9.80	**12.95**	**9.80**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 23 (Contd.)
Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Asha Richi Mathew						
Balance outstanding at the beginning	-	-	5.60	0.50	**5.60**	**0.50**
Amount Accepted	-	-	10.50	5.10	**10.50**	**5.10**
Amount Repaid	-	-	5.60	-	**5.60**	**-**
Balance outstanding at the year end	-	-	10.50	5.60	**10.50**	**5.60**
Reena Verghese						
Balance outstanding at the beginning	-	-	30.77	1.27	**30.77**	**1.27**
Amount Accepted	-	-	2.90	29.50	**2.90**	**29.50**
Amount Repaid	-	-	-	-	**-**	**-**
Balance outstanding at the year end	-	-	33.67	30.77	**33.67**	**30.77**
Gabriela Ninan Richi						
Balance outstanding at the beginning	-	-	5.00	-	**5.00**	**-**
Amount Accepted	-	-	-	5.00	**-**	**5.00**
Amount Repaid	-	-	-	-	**-**	**-**
Balance outstanding at the year end	-	-	5.00	5.00	**5.00**	**5.00**
M Mathew						
Balance outstanding at the beginning	-	-	43.77	-	**43.77**	**-**
Amount Accepted	-	-	52.50	43.77	**52.50**	**43.77**
Amount Repaid	-	-	86.37	-	**86.37**	**-**
Balance outstanding at the year end	-	-	9.90	43.77	**9.90**	**43.77**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Nimisha Elizabeth Verghese						
Balance outstanding at the beginning	-	-	38.95	-	**38.95**	-
Amount Accepted	-	-	-	38.95	-	**38.95**
Amount Repaid	-	-	-	-	-	-
Balance outstanding at the year end	-	-	38.95	38.95	**38.95**	**38.95**
Perpetual Debt Instrument						
M Mathew	-	-	300.00	300.00	**300.00**	**300.00**
Rental Deposits Paid						
M Mathew & Ammini Mathew	-	-	150.00	150.00	**150.00**	**150.00**
Interest Payable on Loan from Directors						
M Mathew	-	-	-	10.55	-	**10.55**
Interest Payable on Debenture						
Nikita Elizabeth Verghese	-	-	1.94	2.15	**1.94**	**2.15**
Asha Richi Mathew	-	-	3.20	1.95	**3.20**	**1.95**
Interest Payable on Perpetual Debt Instrument						
M Mathew	-	-	8.10	5.55	**8.10**	**5.55**

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MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 23 (Contd.)
Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Interest Payable on Subordinate Debts						
Nikita Elizabeth Verghese	-	-	7.90	3.87	**7.90**	**3.87**
Giselle Richi	-	-	1.90	0.61	**1.90**	**0.61**
Asha Richi Mathew	-	-	0.29	0.11	**0.29**	**0.11**
Reena Verghese	-	-	6.60	2.84	**6.60**	**2.84**
M Mathew	-	-	0.51	1.01	**0.51**	**1.01**
Nimisha Elizabeth Verghese	-	-	7.60	3.33	**7.60**	**3.33**
Gabriela Ninan Richi	-	-	0.60	0.05	**0.60**	**0.05**
Rent Payable						
M Mathew (Including GST)	-	-	0.81	0.83	**0.81**	**0.83**
Ammini Mathew	-	-	0.68	0.69	**0.68**	**0.69**
			-	-		
Remuneration Payable			-	-		
Richi Mathew	-	-	1.75	1.27	**1.75**	**1.27**
Ammini Mathew	-	-	1.40	1.08	**1.40**	**1.08**
Aswathy Pradeep	-	-	0.61	0.50	**0.61**	**0.50**
M R Rajeev	-	-	1.16	0.42	**1.16**	**0.42**
Rent Receivable (Including GST)						
Muthoot Syndicate Nidhi Limited	1.41	1.46	-	-	**1.41**	**1.46**

Note:
a) The remuneration to the key managerial personnel does not include the provisions made for gratuity, as they are determined on acturial basis for the company as a whole.

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-22

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 24

Gold and other loan portfolio classification and and provision for non performing assets (As per RBI Prudential Norms)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
A.Secured Loans	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**
Gold Loan						
Standard Asset	33,132.25	28,415.83	82.83	71.04	33,049.42	28,344.79
Sub Standard Asset	122.77	50.68	12.28	5.07	110.49	45.61
Doubtful Asset	0.79	2.35	0.20	1.03	0.59	1.32
Loss Asset	-	-	-	-	-	-
Total A	**33,255.80**	**28,468.86**	**95.31**	**77.14**	**33,160.49**	**28,391.72**

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
B.Unsecured Loans	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**
Pronote						
Standard Asset	596.13	-	1.49	-	594.64	-
Sub Standard Asset	-	-	-	-	-	-
Doubtful Asset	-	-	-	-	-	-
Loss Asset	-	-	-	-	-	-
Total B	**596.13**	-	**1.49**	-	**594.64**	-
Total(A+B)	**33,851.93**	**28,468.86**	**96.80**	**77.14**	**33,755.13**	**28,391.72**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 25
Employee Benefit Disclosure

i) Gratuity

Changes in Present value of obligation	31-Mar-22	31-Mar-21
Present value of obligation at the beginning of the year	103.02	-
Acquisition adjustment	-	-
Interest cost	7.23	1.00
Past service cost	-	88.21
Current service cost	15.54	13.81
Curtailment cost	-	-
Settlement cost	-	-
Benefits paid	(17.23)	-
Actuarial gain/loss on obligation	(11.93)	-
Present value of obligations at the end of the year	96.63	103.02

Changes in fair value of plan assets
Not applicable as scheme is unfunded

Funded status
Not applicable as scheme is unfunded

Expense recognised in the statement of Profit/Loss	31-Mar-22	31-Mar-21
Current service cost	15.54	13.81
Past service cost	-	88
Interest cost	7.23	1.00
Expected return of plan asset	-	-
Curtailment cost	-	-
Settlement cost	-	-
Actuarial gain/loss recognised in the year	(11.93)	-
Expense recognised in the statement of Profit/Loss	10.84	103.02

Actuarial assumptions	31-Mar-22	31-Mar-21
Mortality table	IALM 2012-14 Ultimate table	IALM 2012-14 Ultimate table
Superannuation age	58	58
Early retirement and disablement	None	None
Discount rate	6.1%	6.1%
Inflation rate	7%	7%
Return on asset	N/A	N/A
Remaining working life	4.9	4.4
Formula used	Projected unit credit Method with control period of one year	Projected unit credit Method with control period of one year

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MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 25
Employee Benefit Disclosure (Contd)

Movements in Liability		
Recognised in Balancesheet:	**31-Mar-22**	**31-Mar-21**
Opening Net liability	103.02	-
Expenses as above	10.84	103.02
Contributions	-	-
Closing Net liability	96.63	103.02
Closing fund/provision at the end of year	96.63	103.02

Notes to Appendix B of AS 15(r 2005)
As the scheme is unfunded, charges to Profit/Loss account has been based on the following assumptions:
1. Previous obligation was provided for at last accounting date
2. Benefit to exits has been paid to debit of above provisions
3. Current obligation will be provided for at current accounting date

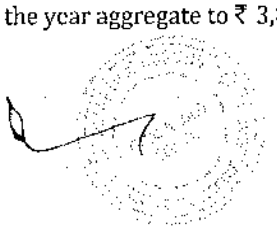
Experience adjustment

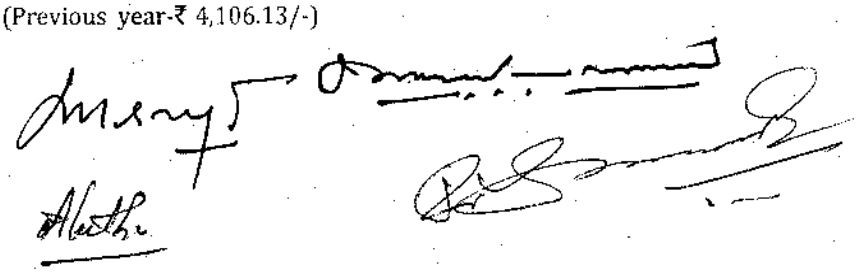
	31-Mar-22	**31-Mar-21**
Fair value on plan assets	NA	NA
Status (Surplus/Deficit)	-	-
Actuarial Gain/Loss on plan assets	NA	NA
Difference due to change in assumptions	-	-
Experience Adjustment of Plan Assets (Gain / loss)	-	-
Actuarial Gain/Loss on Obligation	(11.93)	-
Diference due to change in assumptions	-	-
Experience Adjustment of obligation (Gain/ loss)	(11.93)	-

Actuarial valuation is available for the last 2 years only, hence figures are given for the Previous year and Current year.

ii) Provident Fund
The amount of Provident Fund contribution charged to the Statement of Profit and Loss during the year aggregating to ₹ 31,319.12/-(Previous year : ₹ 21,042.86/-).

iii) Employee State Insurance
The amounts of Employee State Insurance contribution charged to the statement of profit and loss during the year aggregate to ₹ 3,830.73/- (Previous year-₹ 4,106.13/-)







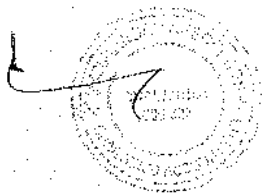
MUTHOOT MERCANTILE LIMITED

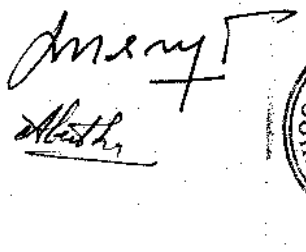
Notes to the financial statements for the year ended 31-March-22

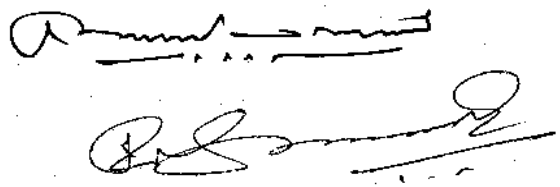
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 26 Ratios

No.	Ratios	Numerator	Denominator	31-Mar-22	31-Mar-21	% Change	Reasons
a)	Current Ratio	Current Assets	Current Liabilities	7.44:1	4.96:1	49.82%	Due to reduction in short term borrowings and increase in current investments
b)	Debt Equity Ratio	Total Debt	Shareholders Equity	2.35:1	1.96:1	19.57%	NA
c)	Debt Service Coverage Ratio	EBITDA	Interest & Lease payment	1.65:1	1.13:1	46.38%	Due to increase in Profit
d)	Return on Equity Ratio	NPAT	Shareholders Equity	0.15:1	0.14:1	3.85%	NA
e)	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	NA	NA	NA	NA
f)	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	NA	NA	NA	NA
g)	Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payable	NA	NA	NA	NA
h)	Net Capital Turnover Ratio	Net Sales	Average Working Capital	22.59%	25.35%	-10.89%	NA
i)	Net Profit Ratio	Net Profit (After Tax)	Net Sales	25.51%	28.54%	-10.63%	NA
j)	Return on Capital Employed	EBIT	Capital Employed	12.31%	12.82%	-3.99%	NA
k)	Return on Investment	Net Profit	Cost of Investment	14661.76%	14117.28%	3.86%	NA







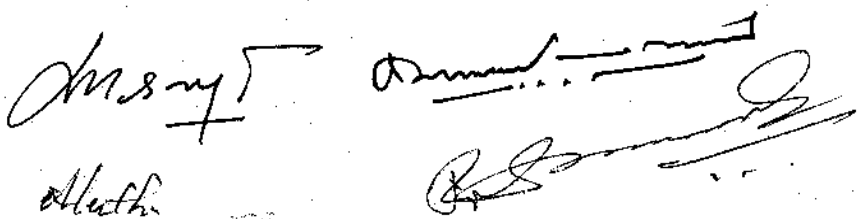
MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-22
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 27

Contingent Liabilities and Commitments	**31-Mar-22**	**31-Mar-21**
Contingent Liabilities		
(a) Claims against the company not acknowledged as debt.	Nil	Nil
(b) Guarantees	Nil	Nil
(c) Other money for which the company is contingently liable	Nil	Nil
Commitments		
(a) Estimated amount of contract remaining to be executed on capital account and not provided for	Nil	Nil
(b) Uncalled liability on shares and other investments partly paid	Nil	Nil
(c) Other commitments	Nil	Nil

Note 28

Additional information to the statement of Profit and Loss	**31-Mar-22**	**31-Mar-21**
(a) Value of imports calculated on CIF basis by the company during the financial year in respect of -		
i) Raw materials	NIL	NIL
ii) Components and spare arts;	NIL	NIL
iii) Capital goods	NIL	NIL
(b) Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;	NIL	NIL
(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;	NIL	NIL
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;	NIL	NIL
(e) Earnings in foreign exchange classified under the following heads, namely:-		
i) Export of goods calculated on F.O.B. basis;	NIL	NIL
ii) Royalty, know-how, professional and consultation fees;	NIL	NIL
iii) Interest and dividend;	NIL	NIL
iv) Other income, indicating the nature thereof	NIL	NIL


Note 29
Lease

The total of future minimum lease payments of the company are as follows:

a) Not later than 1 year : ₹ 7,40,154.63/- (Previous year : ₹ 3,88,358.61/-)
b) Later than 1 year and not later than 5 years : ₹ 27,33,393.57/- (Previous year : ₹ 14,48,944.34/-)
c) Above 5 years : ₹ 20,12,201.66/- (Previous year : ₹ 9,72,569.35/-)

The lease payment recognized in the statement of profit and loss during the year is ₹ 4,32,565.16/- (Previous Year:₹3,65,530.20/-)

Note 30
Impairment of assets

In the opinion of management, there is no impairment during the year under review.

Note 31
Utilization of Proceeds

During the year the Company has raised an amount of ₹16,55,740.00/-(Previous Year: ₹17,87,570.00/-) by way of non-convertible debentures , ₹35,16,580.00/-(Previous Year: ₹62,57,190.00/-) by way of subordinate debts and ₹55,18,922.34/- (Previous Year: NIL) by way of term loan, ₹12,500.00/- (Previous Year: ₹1,67,380.90/-) by way of loan from directors, the same has been utilized for the purpose of working capital requirements.

Note 32
Corporate Social Responsibility

The following is disclosed with regard to CSR activities :

	31-Mar-22	31-Mar-21
a) Amount Required to be spend by the company during the year :	26.37	19.54
b) Amount of expenditure incurred :	48.76	19.54
c) Shortfall at the end of the year :	-	-
d) Total of previous year shortfall :	-	-
e) Reason for shortfall :	NIL	NIL
f) Nature of CSR Activities :	Amount distributed for Covid 19 releif	Prime Minister's National Relief Fund
g) Details of related party transactions :	NIL	NIL
h) Provision incured by entering into a contractual obligation :	NIL	NIL

Note 33

Details of Auction held during the year

	31-Mar-22	31-Mar-21
No. of Loan accounts	5298	166
Principal amount Outstanding at the dates of auction(A)	2,323.26	39.04
Interest and Other charges Outstanding at the dates of auction(B)	558.79	80.07
Total(A+B)	**2,882.05**	**119.11**
Value fetched*	2,886.07	88.19

*excluding GST / Sales tax collected from the buyer.

No sister concerns partcipated in the auctions held during the period.

Note 34

Disclosure based on RBI notification dated 17 April 2020 on Covid-19 regulatory package- Asset classification and provisioning

Details of resolution plan implemented under the resolution framework for Covid-19 related stress as per RBI circular dated August 6, 2020 are given below:

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted in to other securities	(D) Additional funding sanctioned , if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

Note 35

Disclosure on the following matters required under schedule III as amended not being or applicable in case of the company, same are not covered such as :

a) No proceedings have been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;

b) The company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c) No registeration or satisfaction of charges are pending to be filed with ROC.

d) The company has not entered into any scheme of arragement.

e) There are no transactions which have not been recorded in the books.

f) The company has not traded or invested in crypto currency or virtual currency during the financial year.

g) The company does not have any transaction with companies struck off under section 248 or the Companies Act 2013.

h) Utilisation of Borrowed funds or share premium :

No funds have been advanced or loaned or invested (either borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the company from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 36

Comparatives

The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership no: 208654

Place: Thrissur
Date: 04th October, 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October, 2023

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

Schedule to the Balance Sheet of a NBFC

(₹. in lakhs)

Sl No	Particulars		
	Liabilities side:		
(1)	**Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid**	**Amount outstanding**	**Amount overdue**
	(a) Debentures : Secured	4758	13
	: Unsecured (other than falling within the meaning of public deposits*)	0	0
	(b) Deferred Credits	0	0
	(c) Term Loans	4479	0
	(d) Inter-corporate loans and borrowing	0	0
	(e) Commercial paper	0	0
	(f) Public Deposits*		
	(g) Other Loans(Specify nature)		
	(i)Overdraft	2452	0
	(ii)Perpetual Debt Instrument	308	0
	(iii)Loan from Director	0	0
	(iv)Subordinate Debts	16108	0
	*Please see Note 1 below		
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**		
	(a) In the form of Unsecured debentures		
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
	(c) Other public deposits		
	* Please see Note 1 below		
	Assets side:	**Amount outstanding**	
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	33256	
	(b) Unsecured	596	
(4)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	0	
	(b) Operating lease	0	
	(ii) Stock on Hire including hire charges under sundry debtors:		
	(a) Assets on Hire	0	
	(b) Repossessed assets	0	
	(iii) Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed	0	
	(b) Loans other than (a) above	0	

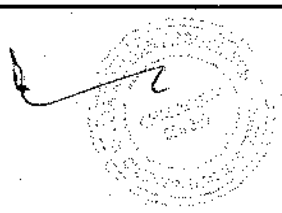
MUTHOOT MERCANTILE LTD. THIYCAUD 695 014

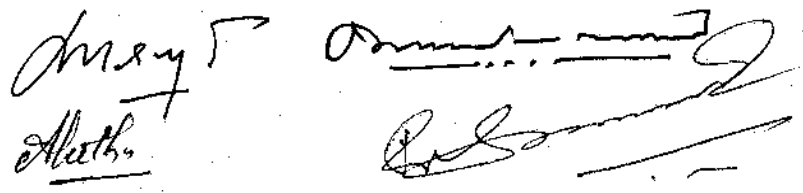
(5)	**Break-up of Investments:**	
	Current Investments :	
	1. Quoted	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	1105
	(iv) Government securities	0
	(v) Others (please specify)	0
	2. Unquoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0
	Long term Investments:	
	1. Quoted	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0
	2. Unquoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0

(6) **Borrower Group-wise classification of assets financed as in (3) and (4) above :**

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	0	0	0
(b) Companies in the same group	0	0	0
(c) Other related Parties	0	0	0
2. Other than related parties	33160	0	33160
Total	33160	0	33160







.(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):** Please see note 3 below		
	Category	Market value/Break-up or fair value or NAV	Book value (net of provisions)
	1. Related Parties**		
	(a)Subsidiaries	0	0
	(b)Companies in the same group	0	0
	(c)Other related parties	0	0
	2. Other than related Parties	0	0
	Total	0	0
	**As per Accounting Standard of ICAI (Please see Note 3)		

.(8)	**Other information**	
	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) Related Parties	0
	(b) Other than related parties	124
	(ii) Net Non-Performing Assets	
	(a) Related Parties	0
	(b) Other than related parties	111
	(iii) Asset acquired in Satisfaction of Debt	0

Notes:

1) As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
2) Provisioning norms shall be applicable as prescribed in these Directions.
3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, Market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership no: 208654

Place: Thrissur
Date: 04th October, 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October, 2023

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LTD. THYCAUD 695 014

INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023, STATEMENT OF PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEARENDED MARCH 31, 2023 OF MUTHOOT MERCANTILE LIMITED

To the Board of Directorsof Muthoot Mercantile Limited

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

Management'sResponsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended and based on the provisions of Para 3.3.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended(the "**SEBI NCS Regulations**").This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor'sResponsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to theexplanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013 and as per SEBI NCS Regulations and give a true and fair view in conformity with the accounting principles generally accepted in India, of thestate of affairs of the Company as at March 31, 2023, and of its results ofoperations and its cash flows for the year then ended.

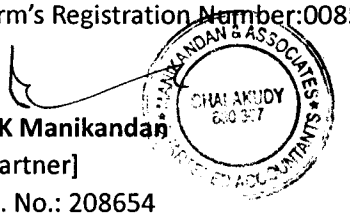
Restriction on Use and Distribution

The financial statementsare prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable foranother purpose.

Other Matter

Muthoot Mercantile Limited has prepared a separate set of financial statements for the year ended March 31, 2023, in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, on which M/s. Mohandas & Associates,Chartered Accountants,has issued a separate auditor's report to the shareholders of the Company dated June30, 2023.

For Manikandan & Associates
Chartered Accountants
Firm's Registration Number:008520S



C K Manikandan
[Partner]
M. No.: 208654
UDIN: 23208654BGSIDM4322

Place: Chalakudy
Date: 04th October, 2023

MUTHOOT MERCANTILE LIMITED

Balance Sheet as at 31st March , 2023

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

	Note	31-Mar-23	31-Mar-22
Shareholders' funds			
Share capital	3	2,941.88	2,941.88
Reserves and surplus	4	10,614.46	8,795.44
		13,556.33	**11,737.31**
Non-current liabilities			
Long-term borrowings	5	33,330.22	23,587.46
Other long term liabilities	6	1,854.44	1,209.12
Long-term provisions	9	86.46	73.61
		35,271.12	**24,870.19**
Current liabilities			
Short-term borrowings	7	10,398.20	4,264.32
Trade payables	8		
(A) total outstanding dues of micro enterprises and small enterprises; and		8.49	17.20
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		17.45	55.35
Other current liabilities	6	487.32	357.42
Short-term provisions	9	911.64	733.95
		11,823.10	**5,428.24**
Total		**60,650.56**	**42,035.74**
Assets			
Non-current assets			
Property, Plant and Equipment and Intangible assets			
Property, Plant and Equipment	10A	579.42	423.98
Intangible assets	10B	0.87	-
Deferred tax assets (net)	11	154.25	126.00
Long-term loans and advances	12	649.97	655.90
Other non current assets	15	489.31	463.62
		1,873.82	**1,669.50**
Current assets			
Investments	13	-	1,101.98
Cash and bank balances	14	5,394.26	3,479.50
Short-term loans and advances	12	50,750.36	33,859.87
Other current assets	15	2,632.12	1,924.89
		58,776.73	**40,366.24**
Total		**60,650.56**	**42,035.74**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008820S

C K Manikandan
[Partner]
Membership No.: 208654

Place: Thrissur
Date: 04th October 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

Richi Mathew
[Managing Director]
DIN 00224336

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October 2023

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED

Statement of profit and loss for the year ended 31st March, 2023

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Continuing Operations	Notes	31-Mar-23	31-Mar-22
Revenue from operation	16	9,430.97	6,673.83
Other income	17	35.86	28.56
Total Income		**9,466.83**	**6,702.38**
Expenses			
Finance costs	18	3,271.94	2,207.48
Employee benefits expense	19	2,028.00	1,113.66
Other expenses	20	1,495.26	925.63
Depreciation and amortization expense	21	203.61	158.17
Total Expenses		**6,998.82**	**4,404.94**
Profit before tax		**2,468.01**	**2,297.45**
Tax expenses			
Current tax		677.28	614.13
(Excess)/Short provision for tax relating to previous year		(0.03)	-
Deferred tax expense/(income)		(28.25)	(19.10)
Total tax expense		**648.99**	**595.03**
Profit for the year		**1,819.02**	**1,702.42**
Earnings per equity share [nominal value of share ₹10/-]			
Basic and Diluted Earnings per Share (₹)	22	6.18	5.79
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership No.: 208654

Place: Thrissur
Date: 04th October 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

Richi Mathew
[Managing Director]
DIN 00224336

M R Rajeev
[Chief Financial Officer]

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date: 04th October 2023

MUTHOOT MERCANTILE LTD

Cash flow statement for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

	31-Mar-23	31-Mar-22
Cash flow from operating activities		
Profit before tax	**2,468.01**	**2,297.45**
Adjustments:		
Depreciation and amortization	203.61	158.17
Provision for employee benefits	16.74	(6.39)
Provision for Standard Assets	42.18	13.28
Provision for Non- performing assets	68.48	6.38
Gain on sale of Mutual Fund	(3.41)	(2.09)
Profit on sale of Property, Plant & Equipment	-	(3.75)
Finance Cost	3,271.94	2,207.48
Operating profit before working capital changes	**6,067.55**	**4,670.52**
Movements in working capital :		
Increase/ (decrease) in other current liabilities & trade payables	(18.04)	128.77
Increase / (decrease) in CSR provision	-	(14.54)
Decrease / (increase) in long-term loans and advances	(5.41)	(106.26)
Decrease / (increase) in short-term loans and advances	(16,890.50)	(5,385.15)
Decrease / (increase) in other current assets	(707.23)	(378.01)
Decrease / (increase) bank balances other than cash equivalents	(825.39)	(0.48)
Decrease / (increase) in other non-current assets	(25.69)	(77.76)
Cash generated from /(used in) operations	**(12,404.70)**	**(1,162.92)**
Direct taxes paid	(614.09)	(500.31)
Finance cost paid	(2,525.29)	(1,590.14)
Net cash flow from/ (used in) operating activities (A)	**(15,544.08)**	**(3,253.36)**
Cash flows from investing activities		
Purchase of Property, Plant & Equipment & Intangible Asset, including CWIP and capital advances	(348.58)	(240.83)
Disposal of Property, Plant & Equipment	-	4.50
(Investment)/Redemption of Mutual Fund (net)	1,105.40	(1,099.89)
Net cash flow from/ (used in) investing activities (B)	**756.82**	**(1,336.22)**
Cash flows from financing activities		
Proceeds/(Repayment) of long-term borrowings(net)	9,742.76	8,798.66
Proceeds/(Repayment) of short-term borrowings(net)	6,133.88	(947.60)
Net cash flow from/ (used in) in financing activities (C)	**15,876.63**	**7,851.06**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1,089.37**	**3,261.47**
Cash and cash equivalents at the beginning of the year	3,464.29	202.82
Cash and cash equivalents at the end of the year	**4,553.66**	**3,464.29**
Components of cash and cash equivalents		
Cash on hand	482.05	660.98
Balance with banks	4,071.62	2,803.31
Total cash and cash equivalents (note 14)	**4,553.66**	**3,464.29**

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership No.: 208654

Place: Thrissur
Date: 04th October 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October 2023

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

1 NATURE OF OPERATION

Muthoot Mercantile Limited(CIN:U65921KL1997PLC011260) was incorporated on 3rd March 1997,having registered office at 1st Floor, North Block, "Muthoot Floors",opposite W & C Hospital, Thycaud, Thiruvananthapuram, 695014, Kerala .The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company (NBFC-ND) which provides a wide range of fund based and fee based services including Gold loan, Money Transfer etc.The Company is a Non-Deposit taking Non Banking Financial Company registered under section 45 IA of the Reserve Bank of India Act,1934 vide Certificate of Registration ('CoR') number N-16.00178 dated 12th December, 2002

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India(Indian GAAP).The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act,2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by the Reserve Bank of India as applicable to a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company (NBFC-ND). The financial statements have been prepared under historical cost convention and on accrual basis except for interest on Non Performing Assets which are recognised on realisation basis.The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.All amounts included in the financial statements are reported in Lakhs of indian rupees (Rupees in Lakhs) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not be add up precisely to the totals and percentages may not precisely reflect the absolute figures.

2.1 SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies adopted in the Preparation and Presentation of Financial Statements are as under-:

a. USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period.Although these estimates are based on the management's best knowledge of current events and actions, uncertainity about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets or liabilities in future periods.

b. PROPERTY,PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any.The cost comprises purchase price, borrowing costs if capitalisation criteria are met and any cost directly attributable to bring the asset to its working condition for its intended use.

c. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition,intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of 5 years as determined by the management.The amortization period and the amortization method are reviewed at least at each financial year end.

d. DEPRECIATION

Depreciation has been provided on Written Down Value method as per the useful life estimated by the management. The estimates of useful life followed by the company is provided as under:

Assets	Life of Assets (Years)
Strong Room	20 (acquired up to 31-03-15)*
	10 (Others)
Furniture and Fixtures	20 (acquired up to 31-03-15)*
	10 (Others)
Vehicles	8
Computer & Accessories	3 (End user devices)
	6 (Servers and networks)
Office & Electrical Equipments	20 (acquired up to 31-03-15)*
	10 (Others)

*Based on the estimation given by the chartered engineer

e. IMPAIRMENT OF ASSETS

The company assesses at each reporting date whether there is an indication that an asset may be impaired.If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f. REVENUES

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest, where installments are overdue in respect of non performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the installments become overdue with respect to non performing assets is reversed. Interest on deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

g. EMPLOYEE BENEFITS

Employee benefits in the form of Provident Fund and Employee State Insurance is a defined contribution scheme and the contributions are charged to the statement of Profit and Loss of the year when the contributions to the fund is due. Gratuity payable under "The Payment of Gratuity Act, 1972" is accrued and provided for on the basis of an actuarial valuation on Projected unit credit method with control period of one year. The Company does not have a scheme of encashment of earned leave. The Earned leave which is not utilized during the year will be automatically lapsed at the end of the year and can not be carried forward. Hence no provision has been made in the accounts for encashment of leave and carried forward of earned leave.

h. **BORROWING COST**

Borrowing costs directly attributable to the acquisition, construction or production of an asset which takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset.All other borrowing costs are expensed in the period in which they incur.

i. **INCOME TAX**

Tax expense comprises current and deferred tax.Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balancesheet date. The Company write-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.

j. **EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing share holders; share split;and reverse share split, if any.

k. **PROVISIONS**

i) A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made . These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

ii) Provisioning policy for gold loan and other portfolio loans
Secured loans are classified /provided for as per management's best estimates, subject to minimum provision required as per Non Banking Financial Company-Non Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as follows

Gold and other loans

Asset Classification	Provisioning policy
Standard Assets	0.25%
Sub-standard Assets	10% on Outstanding
Doubtful Assets	
D1	100% of unsecured portion + 20 % of secured portion
D2	100% of unsecured portion + 30 % of secured portion
D3	100% of unsecured portion + 50 % of secured portion
Loss Assets	100%

The Company has also provided additional provisions based on management estimates wherever necessary.

l. **SEGMENT REPORTING**

The Company primarily operates in the business of gold loan and its operations are in India. Accordingly no segment reporting is applicable.

m. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash in hand ,cash at bank and deposits having orginal maturity of three months or less

n. CONTINGENT LIABILITIES

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

o. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership for the leased term, are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognised as an expense in the statement of profit and loss.

p. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method,whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

q. INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Long-term investments are carried at cost. Provision for diminution shall be made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

r. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 3

Share capital

	31-Mar-23	31-Mar-22
Authorized shares		
5,50,00,000 (Previous Year: 5,50,00,000) equity shares of ₹10/- each	5,500.00	5500.00
Issued, subscribed and fully paid-up shares		
2,94,18,750 (Previous Year: 2,94,18,750) equity shares of ₹10/- each	2,941.88	2,941.88
Total	**2,941.88**	**2,941.88**

a.Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31-Mar-23		31-Mar-22	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	2,94,18,750	2941.88	2,94,18,750	2941.88
Shares issued during the year	-	-	-	-
Shares bought back	-	-	-	-
Shares outstanding at the end of the year	**2,94,18,750**	**2,941.88**	**2,94,18,750**	**2,941.88**

b.Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 3 (Contd.)
Share capital

c.Aggregate number and class of shares bought back for the period of five years immediately preceding the date as at which the Balance Sheet is prepared :

Class of Shares	No of Shares	Financial Year
Equity Shares	98,06,250	2018-19

d.Details of shareholders holding more than 5% shares in the Company (Equity shares of ₹10/- each fully paid)

Name of the Shareholder	31-Mar-23		31-Mar-22	
	Number	% of holding in the class	Number	% of holding in the class
M. Mathew	1,05,50,642	35.86%	1,43,67,300	48.84%
Richi Mathew	1,05,07,198	35.72%	1,05,07,198	35.72%
Reena Varghese	65,01,545	22.10%	44,49,681	15.13%
Asha Richi Mathew	17,65,125	6.00%	331	0.001%

As per 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 ownership of shares.

(e) Shareholding of Promoters

31st March, 2023

Shares held by promoters at the end of the year			% Change during the year
Promoter name	**No. of Shares**	**% of total shares**	
M. Mathew	1,05,50,642	35.86%	-26.56%
Ammini Mathew	93,899	0.31%	NIL
Reena Varghese	65,01,545	22.10%	46.11%
Richi Mathew	1,05,07,198	35.72%	NIL
Asha Richi Mathew	17,65,125	6.00%	533170%
Total	**2,94,18,409**	**99.99%**	**NIL**

31st March, 2022

Shares held by promoters at the end of the year			% Change during the year
Promoter name	**No. of Shares**	**% of total shares**	
M. Mathew	1,43,67,300	48.84%	NIL
Ammini Mathew.	93,899	0.31%	NIL
Reena Varghese	44,49,681	15.13%	NIL
Richi Mathew	1,05,07,198	35.72%	NIL
Total	**2,94,18,078**	**99.99%**	**NIL**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 4
Reserves and surplus

	31-Mar-23	31-Mar-22
Capital redemption reserve		
Balance as per the last financial statement	2,280.63	2280.63
Total (A)	**2,280.63**	**2,280.63**
Statutory reserve		
Balance as per the last financial statement	2511.87	2168.87
Amount transferred from surplus balance in the statement of profit and loss pursuant to section 45-IC of the Reserve Bank of India Act, 1934	366.00	343.00
Total (B)	**2,877.87**	**2,511.87**
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statement	4,002.95	2643.52
Profit for the year	1,819.02	1702.42
	5,821.97	**4,345.95**
Less: Appropriations		
Transfer to statutory reserve pursuant to section 45-IC of the Reserve Bank of India Act, 1934	366.00	343.00
Total (C)	**5,455.97**	**4,002.95**
Total (A)+(B)+(C)	**10,614.46**	**8,795.44**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5
Long-term borrowings

	Non-current portion		Current maturities	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Non-convertible Debentures*	4,791.67	3,746.00	338.78	736.58
Subordinate Debts**	19,679.67	15,062.54	443.88	-
Perpetual Debt Instrument***	300.00	300.00	-	-
Term Loan				
State Bank of India****	8,183.88	4,478.92	2,905.00	1,040.00
Federal Bank*****	375.00	-	750.00	-
	33,330.22	**23,587.46**	**4,437.66**	**1,776.58**
The above amount includes				
Secured borrowings	13,350.55	8,224.92	3,993.78	1,776.58
Unsecured borrowings	19,979.67	15,362.54	443.88	-
Amount disclosed under the head "Short-term borrowings" (Note 7)	-	-	(4,437.66)	(1,776.58)
Total	**33,330.22**	**23,587.46**	-	-

*Secured by a hypothecation of Outstanding Gold Loan of the Company both present and future ranking pari passu with the charge created by the company for availing credit facility.

*Include ₹ 22,25,000/- (Previous Year: ₹ 17,15,000/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

**Include ₹ 1,78,40,000/- (Previous Year: ₹ 1,46,56,000/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

*** Amount of funds raised through Perpetual Debt Instrument during the year is rupees three crores and outstanding at the close of the financial year is rupees three crores. The amount of Perpetual Debt Instrument comes to 2.19 % (previous year : 2.52%)of current year Tier I Capital of the Company. The rate of interest of Perpetual Debt Instrument is 12 %.The Instrument is purely unsecured and maturity is perpetual.

***Include ₹ 3,00,00,000/- (Previous Year: ₹ 3,00,00,000/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

****Secured by exclusive First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the company, on pari-passu basis with the Secured Creditors including debenture trustees and other banks and by equitable mortgage of the personal land and building of Mr.M Mathew & Mrs.Ammini Mathew, directors of the company as collateral security. The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew. Rate of interest is 255 bps above six month MCLR(effective rate of interest is 9.50% per annum).Tenure of term loan is ranging from 3 years to 5 years.

***** Secured by first pari-passu by way of hypothecation of entire current assets of the company (present and future) including Gold Loan Receivables,with secured debenture holders and other banks as primary security and Fixed deposit of Rs 3 Crore in the name of the company as cash collateral security.The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew.The rate of interest is 10.60 %. Tenure of term loan is 7 years

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)

A. Debentures (Secured)

i) Non Convertible Debentures of ₹1,000/- each -Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

31st March, 2023

Redeemable at par within	Rate of Interest							
	< 13%		>= 13% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	1,26,225	1262.25	40,410	404.10	7,975	79.75	1,74,610	1,746.10
Due within 2-3 years	1,69,264	1692.64		-	-	-	1,69,264	1,692.64
Due within 1-2 years	1,35,293	1352.93		-	-	-	1,35,293	1,352.93
Due within 1 year	33,878	338.78	-	-	-	-	33,878	338.78
Total ₹	**4,64,660**	**4,646.60**	**40,410**	**404.10**	**7,975**	**79.75**	**5,13,045**	**5,130.45**

31st March, 2022

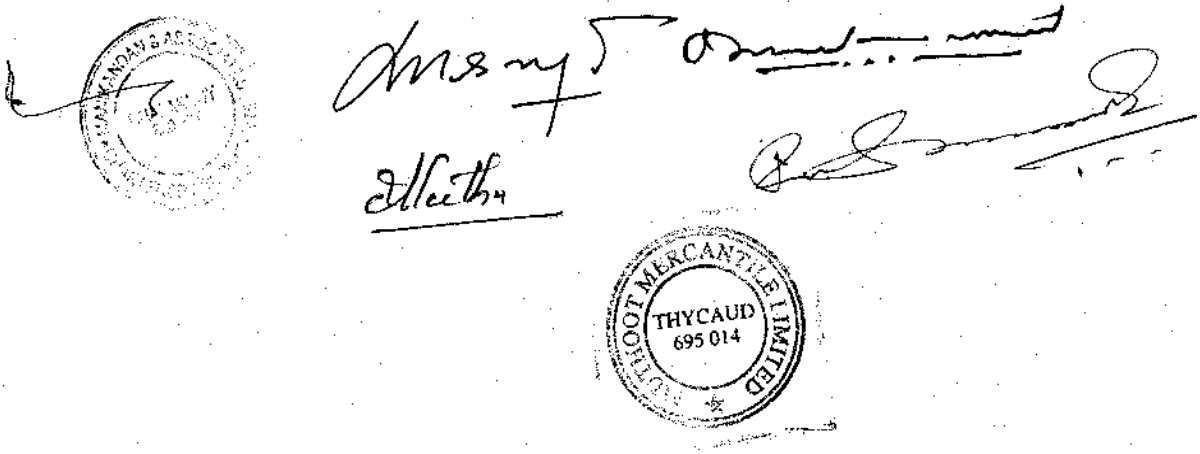
Redeemable at par within	Rate of Interest							
	< 13%		>= 13% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	1,69,659	1696.59	40,910	409.10	9,025	90.25	2,19,594	2,195.94
Due within 2-3 years	1,18,058	1180.58	-	-	-	-	1,18,058	1,180.58
Due within 1-2 years	36,948	369.48	-	-	-	-	36,948	369.48
Due within 1 year	73,658	736.58	-	-	-	-	73,658	736.58
Total ₹	**3,98,323**	**3,983.23**	**40,910**	**409.10**	**9,025**	**90.25**	**4,48,258**	**4,482.58**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)
ii]Non Convertible Debentures of ₹1,000/- each - Serieswise Classification

As at 31st March, 2023

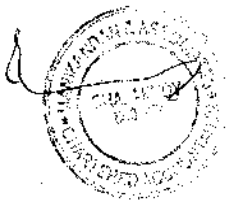
Sl No	Series	Date of Issue	From Debenture O/s	Rate of Interest	Terms of Redemption
1	139	14-Sep-12	1.05	14.75%	At par at the end 60 months
2	143	22-Dec-12	0.25	11%-12%	At par at the end 64 months
3	146	26-Dec-12	0.07	10%-11.25%	At par at the end 36 months
4	174	15-Jan-20	56.00	9.25%-15.35%	At par at the end 36-60 months
5	175	10-Feb-20	227.65	9%-14.85%	At par at the end 36-90 months
6	176	22-Feb-20	175.90	9.25%-20%	At par at the end 36-90 months
7	177	23-Mar-20	168.50	9.25%-14.75%	At par at the end 36-84 months
8	178	22-May-20	186.30	9%-14.29%	At par at the end 24-84 months
9	179	03-Jul-20	367.74	10%-13.33%	At par at the end 60-90 months
10	180	12-Oct-20	216.02	9%-12.50%	At par at the end 36-96 months
11	181	19-Nov-20	520.01	9.25%-13.33%	At par at the end 36-90 months
12	182	07-Jan-21	226.50	9.25%-13.33%	At par at the end 36-90 months
13	183	29-Jun-21	302.13	8%-13.79%	At par at the end 12-87 months
14	184	11-Sep-21	222.00	9.25%-13.79%	At par at the end 36-87 months
15	185	30-Nov-21	445.00	9.25%-13.79%	At par at the end 36-87 months
16	186	05-Feb-22	214.00	7.25%-10.12%	At par at the end 12-60 months
17	187	12-Mar-22	141.30	7.25%-9.6%	At par at the end 12-60 months
18	188	30-Mar-22	145.45	7.25%-9.6%	At par at the end 12-60 months
19	189	31-May-22	268.05	7.25%-9.75%	At par at the end 12-60 months
20	190	08-Aug-22	432.40	9%-11%	At par at the end 36-60 months
21	191	05-Sep-22	385.00	9%-11%	At par at the end 36-60 months
22	192	13-Jan-23	100.00	10.5%	At par at the end 60 months
23	193	18-Mar-23	248.00	9.25%-11.75%	At par at the end 18-60 months
24	194	30-Mar-23	120.00	9.25%-11.75%	At par at the end 18-60 months
			5,169.32		

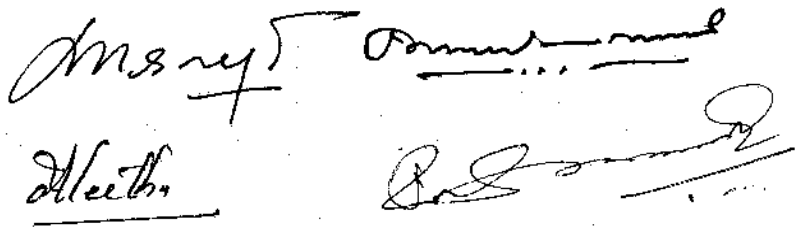


MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

As at 31st March, 2022

Sl No	Series	Date of Issue	From Debenture O/s	Rate of Interest	Terms of Redemption
1	122	18-Aug-11	0.40	15.35%	At par at the end 36 months
2	126	19-Nov-11	1.00	14.85%	At par at the end 36 months
3	139	14-Sep-12	1.05	14.75%	At par at the end 60 months
4	143	22-Dec-12	0.25	11%-12%	At par at the end 64 months
5	146	26-Dec-12	0.07	10%-11.25%	At par at the end 36 months
6	172	29-Mar-19	6.50	9.25%-14.3%	At par at the end 36 months
7	173	15-Jul-19	292.00	9.25%-18.75%	At par at the end 36 months
8	174	15-Jan-20	75.67	9.25%-15.35%	At par at the end 36-60 months
9	175	10-Feb-20	302.70	9%-14.85%	At par at the end 36-90 months
10	176	22-Feb-20	258.10	9.25%-20%	At par at the end 36-90 months
11	177	23-Mar-20	209.80	9.75%-14.75%	At par at the end 36-84 months
12	178	22-May-20	258.30	9%-14.29%	At par at the end 24-84 months
13	179	3-Jul-20	401.74	10%-13.33%	At par at the end 60-90 months
14	180	12-Oct-20	229.02	9%-12.50%	At par at the end 36-96 months
15	181	19-Nov-20	520.01	9.25%-13.33%	At par at the end 36-90 months
16	182	07-Jan-21	279.50	9.25%-13.33%	At par at the end 36-90 months
17	183	29-Jun-21	322.13	8%-13.79%	At par at the end 12-87 months
18	184	11-Sep-21	222.00	9.25%-13.79%	At par at the end 36-87 months
19	185	30-Nov-21	480.50	9.25%-13.79%	At par at the end 36-87 months
20	186	05-Feb-22	300.00	7.25%-10.12%	At par at the end 12-60 months
21	187	12-Mar-22	185.66	7.25%-9.6%	At par at the end 12-60 months
22	188	30-Mar-22	145.45	7.25%-9.6%	At par at the end 12-60 months
Total			4,491.85		







MUTHOOT MERCANTILE
LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)

B. Subordinate Debts (Unsecured)

i) Subordinate Debts of ₹1,000/- each -Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

31st March, 2023

Redeemable at par within	Rate of Interest							
	<10%		>= 10% < 11%		>=11%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	80,494	804.94	2,30,699	2306.99	1,94,908	1949.08	5,06,101	5,061.01
Due within 3-4 years	61,770	617.70	2,38,717	2387.17	51,171	511.71	3,51,658	3,516.58
Due within 2-3 years	2,08,222	2082.22	3,22,292	3222.92	95,205	952.05	6,25,719	6,257.19
Due within 1-2 years	48,805	488.05	2,35,348	2353.48	2,00,336	2003.36	4,84,489	4,844.89
Due within 1 year	16,825	168.25	-	-	27,563	275.63	44,388	443.88
Total ₹	**4,16,116**	**4,161.16**	**10,27,056**	**10,270.56**	**5,69,183**	**5,691.83**	**20,12,355**	**20,123.55**

31st March, 2022

Redeemable at par within	Rate of Interest							
	<10%		>= 10% < 11%		>=11%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	61,770	617.7	2,38,717	2387.17	51,171	511.71	3,51,658	3,516.58
Due within 3-4 years	2,08,222	2082.22	3,22,292	3222.92	95,205	952.05	6,25,719	6,257.19
Due within 2-3 years	48,805	488.05	2,35,348	2353.48	2,00,336	2003.36	4,84,489	4,844.89
Due within 1-2 years	16,825	168.25	-	-	27,563	275.63	44,388	443.88
Due within 1 year	-	-	-	-	-		-	-
Total ₹	**3,35,622**	**3,356.22**	**7,96,357**	**7,963.57**	**3,74,275**	**3,742.75**	**15,06,254**	**15,062.54**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 5 (contd.)
ii] Subordinate Debts of ₹1,000/- each - Serieswise Classification

As at 31st March, 2023

Sl No	Month of Receipt	From Subordinate Debts O/s	Rate of Interest	Terms of Redemption
1	February 2019	1.59	9.5%-11.81%	At par at the end 60 months
2	March 2019	2.85	9.5%-11.81%	At par at the end 60 months
3	April 2019	3.62	9.5%-11.81%	At par at the end 60 months
4	July 2019	3.24	9.5%-11.81%	At par at the end 60 months
5	August 2019	2.62	9.5%-11.81%	At par at the end 60 months
6	September 2019	5.79	10%-11.85%	At par at the end 60 months
7	October 2019	5.29	10%-11.85%	At par at the end 60 months
8	November 2019	7.10	10%-11.29%	At par at the end 60 months
9	December 2019	7.15	10%-11.29%	At par at the end 60 months
10	January 2020	6.32	10%-11.29%	At par at the end 60 months
11	February 2020	4.45	10%-11.29%	At par at the end 60 months
12	March 2020	2.88	10%-11.29%	At par at the end 60 months
13	April 2020	3.19	10%-11.29%	At par at the end 60 months
14	May 2020	5.98	10%-11.29%	At par at the end 60 months
15	June 2020	3.54	9.75%-10.97%	At par at the end 60 months
16	July 2020	3.32	9.75%-10.97%	At par at the end 60 months
17	August 2020	7.71	9%-10.97%	At par at the end 60 months
18	September 2020	3.18	9%-9.75%	At par at the end 60 months
19	October 2020	3.31	9.25%-10%	At par at the end 60 months
20	November 2020	7.31	9.85%-10.5%	At par at the end 60 months
21	December 2020	3.11	9.85%-10.5%	At par at the end 60 months
22	January 2021	9.86	10.25%-11%	At par at the end 60 months
23	February 2021	8.14	10.25%-11%	At par at the end 60 months
24	March 2021	3.93	9.20%-11%	At par at the end 60 months
25	April 2021	3.42	10.25%-11%	At par at the end 60 months
26	May 2021	2.77	10%-11%	At par at the end 60 months
27	June 2021	2.91	10%-11%	At par at the end 60 months
28	July 2021	3.19	10%-11%	At par at the end 60 months
29	August 2021	2.95	10%-11%	At par at the end 60 months
30	September 2021	4.72	10%-11%	At par at the end 60 months
31	October 2021	3.93	10%-11%	At par at the end 60 months
32	November 2021	3.63	9%-11%	At par at the end 60 months
33	December 2021	3.49	9% - 10%	At par at the end 60 months
34	January 2022	3.22	9% - 10%	At par at the end 60 months
35	February 2022	0.79	8%-9%	At par at the end 60 months
36	March 2022	0.15	8%-9%	At par at the end 60 months
37	July 2022	4.66	9.5 %-11%	At par at the end 60 months
38	August 2022	7.27	9.5 %-11%	At par at the end 60 months
39	September 2022	3.53	9.5%-12%	At par at the end 60 months
40	October 2022	7.68	10%-12%	At par at the end 60 months
41	November 2022	8.79	10.25%-12%	At par at the end 60 months
42	December 2022	6.27	10.25%-12%	At par at the end 60 months
43	January 2023	3.79	10.25%-12%	At par at the end 60 months
44	February 2023	4.80	10.5 %-12 %	At par at the end 60 months
45	March 2023	3.80	10.5 %-12 %	At par at the end 60 months
Total		**201.24**		

MUTHOOT MERCANTILE LIMITED

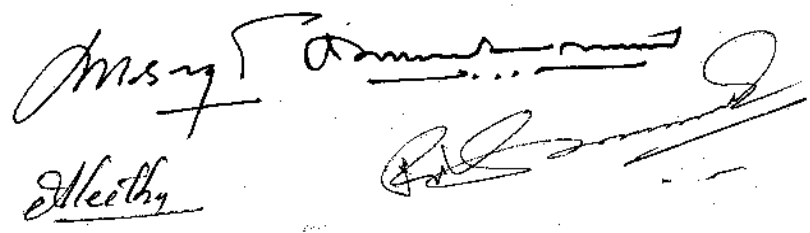
Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

As at 31st March, 2022

Sl No	Month of Receipt	From Subordinate Debts O/s	Rate of Interest	Terms of Redemption
1	February 2019	1.59	9.5%-11.81%	At par at the end 60 months
2	March 2019	2.85	9.5%-11.81%	At par at the end 60 months
3	April 2019	3.62	9.5%-11.81%	At par at the end 60 months
4	July 2019	3.24	9.5%-11.81%	At par at the end 60 months
5	August 2019	2.62	9.5%-11.81%	At par at the end 60 months
6	September 2019	5.79	10%-11.85%	At par at the end 60 months
7	October 2019	5.29	10%-11.85%	At par at the end 60 months
8	November 2019	7.10	10%-11.29%	At par at the end 60 months
9	December 2019	7.15	10%-11.29%	At par at the end 60 months
10	January 2020	6.32	10%-11.29%	At par at the end 60 months
11	February 2020	4.45	10%-11.29%	At par at the end 60 months
12	March 2020	2.88	10%-11.29%	At par at the end 60 months
13	April 2020	3.19	10%-11.29%	At par at the end 60 months
14	May 2020	5.98	10%-11.29%	At par at the end 60 months
15	June 2020	3.54	9.75%-10.97%	At par at the end 60 months
16	July 2020	3.32	9.75%-10.97%	At par at the end 60 months
17	August 2020	7.71	9%-10.97%	At par at the end 60 months
18	September 2020	3.18	9%-9.75%	At par at the end 60 months
19	October 2020	3.31	9.25%-10%	At par at the end 60 months
20	November 2020	7.31	9.85%-10.5%	At par at the end 60 months
21	December 2020	3.11	9.85%-10.5%	At par at the end 60 months
22	January 2021	9.86	10.25%-11%	At par at the end 60 months
23	February 2021	8.14	10.25%-11%	At par at the end 60 months
24	March 2021	3.93	9.20%-11%	At par at the end 60 months
25	April 2021	3.42	10.25%-11%	At par at the end 60 months
26	May 2021	2.77	10%-11%	At par at the end 60 months
27	June 2021	2.91	10%-11%	At par at the end 60 months
28	July 2021	3.19	10%-11%	At par at the end 60 months
29	August 2021	2.95	10%-11%	At par at the end 60 months
30	September 2021	4.72	10%-11%	At par at the end 60 months
31	October 2021	3.93	10%-11%	At par at the end 60 months
32	November 2021	3.63	9%-11%	At par at the end 60 months
33	December 2021	3.49	9% - 10%	At par at the end 60 months
34	January 2022	3.22	9% - 10%	At par at the end 60 months
35	February 2022	0.79	8%-9%	At par at the end 60 months
36	March 2022	0.15	8%-9%	At par at the end 60 months
Total		**150.63**		







Note 5 (contd.)

C. Term Loan (Secured)

Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

31st March, 2023

Repayable within	Rate of interest	Rate of interest
	9.50%	10.60%
Due within 4-5 years	200.00	0.00
Due within 3-4 years	1120.00	0.00
Due within 2-3 years	3450.00	0.00
Due within 1-2 years	3400.00	375.00
Due within 1 year	2905.00	750.00
Total ₹	**11,075.10**	**1,125.00**

This does not include exchange fluctuation of ₹11,07,880/-

31st March, 2022

Repayable within	Rate of interest
	9.50%
Due within 4-5 years	860.00
Due within 3-4 years	1200.00
Due within 2-3 years	1200.00
Due within 1-2 years	1200.00
Due within 1 year	1040.00
Total ₹	**5,500.00**

This does not include exchange fluctuation of ₹18,91,545/-

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 6

Other liabilities

	Non-current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Interest accrued but not due on debenture*	333.41	189.24	27.44	84.83
Interest accrued but not due on perpetual debt instrument **	-	-	-	8.10
Interest accrued but not due on subordinate debts***	1,521.03	1,019.88	128.03	-
Interest accrued and due on debenture		-	2.49	1.18
Interest accrued and due on perpetual debt instrument	-	-	-	-
Interest accrued and due on subordinate debts		-	33.29	26.05
Statutory dues payable	-	-	49.30	77.83
Employee related payables	-	-	144.88	140.19
Unpaid matured debentures and Interest accrued thereon****	-	-	43.52	13.27
Other Payables	-	-	58.37	5.96
Total	**1,854.44**	**1,209.12**	**487.32**	**357.42**

*Include ₹ 5,86,294/- (Previous Year: ₹ 4,04,322/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

**Include ₹ Nil/- (Previous Year: ₹ 8,10,000/-) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

***Include ₹ 36,32,275.80/- in Non Current and ₹ 95,520/- in Current (Previous Year: ₹ 25,39,347/-) from related parties which are detailed in Note 23 "Related party

****Include ₹ Nil /- (Previous Year:₹ 4,59,593) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

Disclosure relating to Investor Education and Protecion Fund	31-Mar-23	31-Mar-22
Liability towards Investor Education and Protection Fund towards unpaid dividends, and unpaid matured debentures and interest on matured debentures	99.56	2,031.83

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 7
Short-term borrowings

	31-Mar-23	31-Mar-22
Secured Borrowings		
Current maturities of long-term borrowings (Note 5)*	4,437.66	1,776.58
-Loan repayable on demand		
From Banks (Cash credit)		
State Bank of India**	4,087.70	2,443.86
Indian Overseas Bank***	7.87	7.98
Karur Vysya Bank****	0.31	35.90
Federal Bank*****	15.07	-
From Banks (Overdraft)		
Karur Vysya Bank****	1,449.59	-
Federal Bank*****	400.00	-
Total	**10,398.20**	**4,264.32**

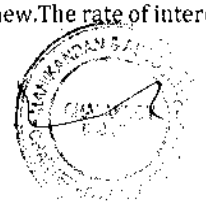
*Include ₹ 1,99,000/-(Previous Year: ₹3,00,000) from related parties which are detailed in Note 23 "Related party Transactions" of the financial statements

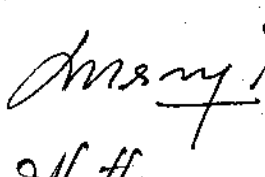
**Secured by exclusive First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the company, on pari-passu basis with the Secured Creditors including debenture trustees and other bank and by equitable mortgage of the personal land and building of Mr.M Mathew & Mrs.Ammini Mathew, directors of the company and Term deposit of Rs 5 Crore secured by lien as cash collateral security. The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew. Rate of interest is 255 bps above six month MCLR(present effective rate of interest is 9.50% per annum). Cash credit limit is rupees fifty Crore.

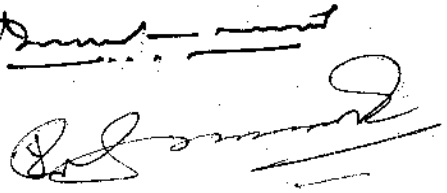
*** Rate of interest is 6.60% per annum. Amount Sanctioned is rupees eight lakhs. Tenure of Cash Credit is for one year.

**** Secured by first pari-passu charge on the receivables of the company including the Gold loan receivables both present and future , and other current assets of the company with other secured lenders(Banks,FI's and NCD Holders except those which are specifically charged to any term lenders whether under refinance facility or otherwise(Net of NPA Accounts) with a margin of 25% as primary security and by equitable mortgage of personal land in the name of Mr. M Mathew & Mr. Richi Mathew, directors of the company as collatral security. The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew. The rate of interest shall be 1.65% p.a. over and above the One year Marginal Cost of funds based Lending Rate(MCLR) which is presently at 8.35% (present effective rate of interest is 10.00% per annum). Cash credit limit is rupees fifteen Crore.

***** Secured by first pari-passu by way of hypothecation of entire current assets of the company (present and future) including Gold Loan Receivables,with secured debenture holders and other banks as primary security and Fixed deposit of Rs 3 Crore in the name of the company as cash collateral security.The loan has been personally guaranteed by Mr.M Mathew, Ammini Mathew & Mr.Richi Mathew.The rate of interest shall be 10.30 %.









MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 8
Trade payables

	31-Mar-23	31-Mar-22
Total outstanding dues of micro enterprises and small enterprises; and	8.49	17.20
Total outstanding dues of creditors other than micro enterprises and small enterprises.	17.45	55.35
Total	**25.94**	**72.55**

Disclosure relating to Micro, Small and Medium Enterprises

	31-Mar-23	31-Mar-22
the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	4.40	17.20
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil
the amount of interest accrued and remaining unpaid at the end of each accountang year; and	Nil	Nil
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2023 and 31st March, 2022. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

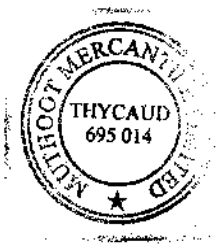
MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Disclosure:- Schedule for Trade payables due for payment for the year ended 31st march 2023

Particulars	Outstanding for following periods from the date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	8.49	NIL	NIL	NIL	8.49
ii) Others	17.45	NIL	NIL	NIL	17.45
iii) Disputed dues - MSME	NIL	NIL	NIL	NIL	NIL
iv) Disputed dues - Others	NIL	NIL	NIL	NIL	NIL

Disclosure:- Schedule for Trade payables due for payment for the year ended 31st march 2022

Particulars	Outstanding for following periods from the date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	17.20	NIL	NIL	NIL	17.20
ii) Others	55.35	NIL	NIL	NIL	55.35
iii) Disputed dues - MSME	NIL	NIL	NIL	NIL	NIL
iv) Disputed dues - Others	NIL	NIL	NIL	NIL	NIL



MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 9
Provisions

	Non-Current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
A. Provision for employee benefits				
Provision for Gratuity	86.46	73.61	26.90	23.02
Total A	**86.46**	**73.61**	**26.90**	**23.02**
B. Other provisions				
Provision for Non Performing Asset	-	-	80.96	12.48
Contingent Provisions against Standard Assets	-	-	126.50	84.32
Provision for CSR Expenditure	-	-	-	-
Provision for Taxation	-	-	677.28	614.13
Total B	**-**	**-**	**884.73**	**710.92**
Total (A+B)	**86.46**	**73.61**	**911.64**	**733.95**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 10A
Property, Plant and Equipment

	Land	Strong Room	Furniture and Fixtures	Vehicles	Computer & Accessories	Office&Electrical Equipments	Total
Cost							
01-Apr-21	4.32	187.20	358.26	214.07	144.50	250.60	1158.95
Additions	-	64.61	70.68	6.22	17.80	65.77	225.08
Deletions	-	-	5.19	33.53	-	-	38.72
31-Mar-22	**4.32**	**251.82**	**423.76**	**186.76**	**162.30**	**316.36**	**1,345.32**
Cost							
01-Apr-22	4.32	251.82	423.76	186.76	162.30	316.36	1,345.32
Additions	-	41.22	208.27	-	29.26	80.09	358.83
Deletions	-	-	-	-	-	-	-
31-Mar-23	**4.32**	**293.04**	**632.02**	**186.76**	**191.56**	**396.45**	**1,704.15**
Accumulated Depreciation							
01-Apr-21	-	120.46	226.46	157.01	134.24	179.89	818.07
Charge for the year	-	30.22	45.98	19.54	14.02	31.48	141.24
Deletions	-	-	4.93	33.04	-	-	37.97
31-Mar-22	**-**	**150.69**	**267.51**	**143.51**	**148.26**	**211.37**	**921.34**
Accumulated Depreciation							
01-Apr-22	-	150.69	267.51	143.51	148.26	211.37	921.34
Charge for the year	-	33.60	88.87	13.37	22.93	44.62	203.39
Deletions	-	-	-	-	-	-	-
31-Mar-23	**-**	**184.29**	**356.38**	**156.88**	**171.19**	**255.99**	**1,124.73**
Net Block							
31-Mar-23	**4.32**	**108.75**	**275.64**	**29.88**	**20.37**	**140.46**	**579.42**
31-Mar-22	**4.32**	**101.13**	**156.25**	**43.25**	**14.04**	**104.99**	**423.98**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 10B
Intangible assets

	Computer Software
Cost	
01-Apr-21	84.63
Additions	-
Deletions	-
31-Mar-22	**84.63**
Cost	
01-Apr-22	84.63
Additions	1.09
Deletions	-
31-Mar-23	**85.72**
Amortization	
01-Apr-21	67.71
Charge for the year	16.93
Deletions	-
31-Mar-22	**84.63**
Amortization	
01-Apr-22	84.63
Charge for the year	0.22
Deletions	-
31-Mar-23	**84.85**
Net Block	
31-Mar-23	**0.87**
31-Mar-22	-

MUTHOOT MERCANTILE LIMITED

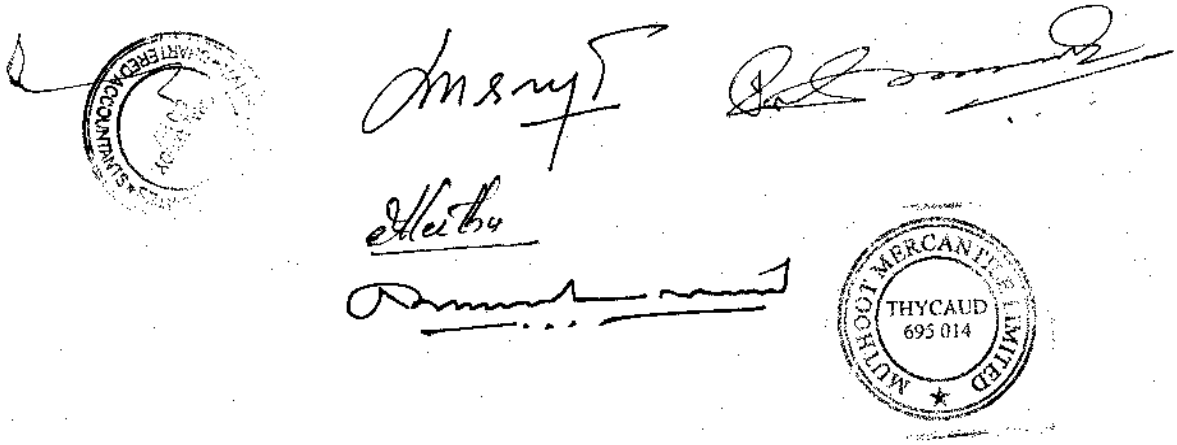
Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 11

Deferred tax assets (net)

	31-Mar-23	31-Mar-22
Current year Deferred tax asset/(liability)		
On account of Depreciation	91.10	71.68
On account of Provision for Gratuity	30.56	32.34
On account of 40 a disallowances	-	-
On account of Provision for Standard Assets	32.59	21.97
Total	**154.25**	**126.00**



MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 12

Loans and advances

	Non-current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Portfolio Loan #				
Secured,considered good				
Gold loan	-	-	49,469.77	33,255.80
Unsecured, considered good				
Pronote loan	-	-	1,269.02	596.13
Total (A)	-	-	**50,738.79**	**33,851.93**

Provision for the same has been disclosed seperately under note 9 .

Additional disclosure as required by Notification DNBS.CC.PD.No.265/03.10.01/2011-2012 dated 21 March, 2012 issued by the RBI

	31-Mar-23	31-Mar-22
Total Gold loan portfolio	49,469.77	33,255.80
Total Assets	60,650.56	42,035.74
Gold loan portfolio as a percentage of total assets	81.57%	79.11%

Note 12 (Contd.)
Loans and advances

	Non-current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Other Advances (Unsecured, considered good)				
Fringe Benefit Tax refund due	0.14	0.14	-	-
Income Tax refund due	24.53	12.01	-	-
Advance Tax	82.00	365.00	-	-
Other prepaid taxes	537.50	261.62	-	-
TDS Refund Due	1.39	1.39	-	-
Prepaid Expenses	-	0.00	11.07	7.94
Capital Advances	4.41	15.75	-	-
Employee Advances	-	-	0.50	-
Total (B)	**649.97**	**655.90**	**11.58**	**7.94**
Total (A)+(B)	**649.97**	**655.90**	**50,750.36**	**33,859.87**
Loans and Advances due by directors or other officers of the company or any of them either severally or jointly with any other persons	Nil	Nil	Nil	Nil
Amounts due by firms or private companies in which any director is a partner or a director or a member	Nil	Nil	Nil	Nil

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 13

Investments

	Non-current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Investments in Mutual Funds				
SBI Mutual Fund	-	-	-	1101.98
	-	-	-	**1,101.98**

Disclsoure relating to investments

Aggregate amount of quoted investments and market value thereof	NIL	NIL	NIL	1,105.14
Aggregate amount of unquoted investments	NIL	NIL	NIL	NIL
Aggregate provision for diminution in value of investments	NIL	NIL	NIL	NIL
	-	-	-	**1,105.14**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 14
Cash and bank balances

	Non-current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Cash and cash equivalents				
Balances with banks	-	-	4,065.80	2798.43
Cash on hand	-	-	482.05	660.98
Treasury Savings Bank	-	-	5.82	4.88
	-	-	**4,553.66**	**3,464.29**
Earmarked balances with banks				
Balance with banks to the extent held as security against borrowings	-	-	809.77	-
Unpaid NCD trustee account	-	-	4.72	4.72
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	26.11	10.48
Total	-	-	**5,394.26**	**3,479.50**

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

Note 15
Other assets

	Non-current		Current	
	31-Mar-23	**31-Mar-22**	**31-Mar-23**	**31-Mar-22**
Interest accrued:				
Interest accrued on Loan	-	-	2,559.89	1882.30
Interest accrued on Bank deposit	-	-	0.51	0.10
Interest accrued on Treasury deposit	-	-	3.37	2.41
Security Deposits				
Treasury Deposit	20.50	21.40	23.18	22.28
Rental Deposits*	463.34	434.74	-	-
Other Security Deposits	5.46	7.47	-	-
Others				
Other Assets	-	-	45.17	17.8037245
Total	**489.31**	**463.62**	**2,632.12**	**1,924.89**

*Rental Deposit Include rupees 1.5 Crore paid to Mr. M Mathew & Mrs. Ammini Mathew, Wholetime directors of the company as a security deposit in respect of leasing of Head Office premise.

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 16
Revenue from operation

	31-Mar-23	31-Mar-22
Interest Income	9,310.02	6622.15
Other Financial services		
Service Charges Received	108.27	42.47
Commission Received	12.69	9.20
Total	**9,430.97**	**6,673.83**

Note 17
Other income

	31-Mar-23	31-Mar-22
Interest on Treasury deposit	1.89	3.88
Interest on Fixed deposit with banks	14.88	2.40
Interest on Income tax refund	-	0.87
Interest on electricity deposit	-	0.12
Rent Received	15.68	15.44
Creditors no longer required written off	-	-
Profit on Sale of Property, Plant and Equipment	-	3.75
Gain on sale of mutual fund	3.41	2.09
	-	
Total	**35.86**	**28.56**

Note 18
Finance costs

	31-Mar-23	31-Mar-22
Interest		
Interest on Debenture	485.95	392.41
Interest on Subordinate Debts	1,762.94	1401.35
Interest on Bank borrowings	987.06	374.98
Interest on Loan from director	-	2.47
Interest on Perpetual Debt Instrument	36.00	36.00
Interest on shortfall in payment of advance income tax	-	0.26
Total	**3,271.94**	**2,207.48**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 19
Employee benefits expense

	31-Mar-23	31-Mar-22
Salaries and allowances	1,988.58	1078.51
Contribution to provident and other funds	39.42	35.15
Total	**2,028.00**	**1,113.66**

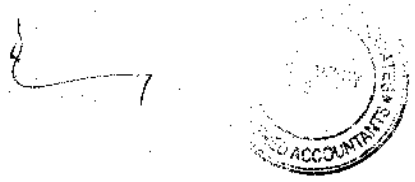
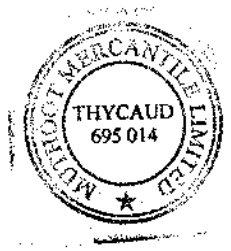
Note 20
Other expenses

	31-Mar-23	31-Mar-22
Electricity Charges	51.80	35.02
Rent	746.21	432.57
Rates and taxes	7.00	6.86
Insurance	17.09	13.72
Repairs and maintenance	33.78	18.26
Computer maintenance and services	4.32	3.04
Corporate Social Responsibility Expenditure	35.24	48.76
Advertising and sales promotion	24.59	25.39
Travelling and conveyance	76.63	57.59
Telephone Charges	35.83	21.95
Printing and stationery	60.90	22.08
Office expenses	124.00	52.30
Bank charges	118.27	109.22
Professional charges	36.80	39.38
Provision for non performing assets	68.48	6.38
Contingent provisions against standard assets	42.18	13.28
Provision for loss on account of exchange rate fluctuation*	11.08	18.92
Refreshment Expenses	1.05	0.93
Donation	0.02	-
Total	**1,495.26**	**925.63**

*during the year the company has incurred loss of ₹ 11,07,880/- due to foreign exchange rate difference on term loan availed by the company.

Professional charges include payment to auditors:

	31-Mar-23	31-Mar-22
as auditor	1.40	1.18
for taxation matters	1.00	-
for company law matters	-	-
for management services	-	-
for other services	-	-
for reimbursement of expenses	-	-
Total	**2.40**	**1.18**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 21
Depreciation and amortization expense

	31-Mar-23	31-Mar-22
Depreciation of tangible assets	203.39	141.24
Amortization of intangible assets	0.22	16.93
Total	**203.61**	**158.17**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless otherwise stated)

Note 22

Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31-Mar-23	31-Mar-22
Net profit/(loss) for calculation of basic EPS (A)	1,819.02	1,702.42
Weighted average number of equity shares in calculating basic EPS (B)(In Hundreds)	2,94,187.50	2,94,187.50
Effect of dilution	-	-
Weighted average number of equity shares in calculating diluted EPS (C)	2,94,187.50	2,94,187.50
Earnings Per Share (A/B) (Basic)	**6.18**	**5.79**
Earnings Per Share (A/C) (Diluted)	**6.18**	**5.79**

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23
Name of related parties

Associates/Enterprises owned or significantly influenced by key management personnel/ Director or their relatives	Muthoot Computer Software Development and Research Institute Private Limited Richi Mathew Software Technologies Limited Richi Mathew Securities Limited Muthoot Mercantile Nidhi Limited Muthoot Syndicate Nidhi Limited Muthoot M Ninan Memorial Charitable Society Muthoot Mrs. Accama Ninan Memorial Charitable Society
Key Management Personnel/ Director or their relatives	Richi Mathew (Managing Director) M Mathew (Wholetime Director) Ammini Mathew(Wholetime Director) Asha Richi Mathew (Director-Appointed on 2-06-2022) Dillark Justin(Additional Director-Appointed on 21-10-2022) Neelakandan Madaswamy(Independent Director-Resigned on 31-03-2023) Reena Vargheese(Director resigned on 8-08-2022) Chandrasekharan Nair(Independent Director-Resigned on 3-10-2022) Aswathy Pradeep (Company Secretary-Resigned on 30-11-2022) Neethu C Biju (Company Secretary-Appointed on 3-01-2023) M R Rajeev (Chief Financial Officer) Nikita Elisabeth Varghese (Daughter of Reena Varghese) Giselle Richi (Daughter of Richi Mathew) Gabriela Ninan Richi (Daughter of Richi Mathew) Nimisha Elisabeth Varghese (Daughter of Reena Varghese)

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Expenses recorded in the books:						
Rent						
M Mathew	-	-	9.00	9.00	**9.00**	**9.00**
Ammini Mathew	-	-	9.00	9.00	**9.00**	**9.00**
Remuneration						
M.Mathew			20.00	-	**20.00**	**-**
Richi Mathew	-	-	60.00	30.00	**60.00**	**30.00**
Ammini Mathew	-	-	24.00	24.00	**24.00**	**24.00**
Asha Richi Mathew	-	-	10.00	-	**10.00**	**-**
Aswathy Pradeep	-	-	5.29	6.45	**5.29**	**6.45**
M R Rajeev	-	-	16.15	11.15	**16.15**	**11.15**
Neethu C Biju			1.71	0	**1.71**	**-**
Director's Sitting Fee						
M.Mathew	-	-	0.70	-	**0.70**	**-**
Richi Mathew	-	-	0.40	-	**0.40**	**-**
Asha Richi Mathew	-	-	0.60	-	**0.60**	**-**
Ammini Mathew	-	-	0.70	-	**0.70**	**-**
Neelakandan Madaswamy	-	-	0.70	-	**0.70**	**-**
Dillark Justin	-	-	0.10	-	**0.10**	**-**
Reena Varghese	-	-	0.20	-	**0.20**	**-**
Gratuity Paid						
Richi Mathew	-	-	19.80	-	**19.80**	**-**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Interest on Perpetual Debt Instrument						
M Mathew	-	-	36.00	36.00	**36.00**	**36.00**
Interest paid on Loan from Directors						
M Mathew	-	-	-	2.47	-	**2.47**
Interest paid on Debentures						
Nikita Elizabeth Verghese	-	-	0.47	0.52	**0.47**	0.52
Asha Richi Mathew	-	-	2.28	1.79	**2.28**	**1.79**
Interest paid on Subordinate Debts						
Nikita Elizabeth Verghese	-	-	4.03	4.03	**4.03**	**4.03**
Giselle Richi	-	-	1.41	1.29	**1.41**	**1.29**
Asha Richi Mathew	-	-	0.44	0.46	**0.44**	**0.46**
Reena Varghese	-	-	3.14	3.76	**3.14**	**3.76**
M Mathew	-	-	3.88	1.35	**3.88**	**1.35**
Ammini Mathew			1.21	-	**1.21**	
Gabriela Ninan Richi	-	-	0.55	0.55	**0.55**	**0.55**
Nimisha Elizabeth Verghese	-	-	4.27	4.27	**4.27**	**4.27**
Income recorded in the books:						
Rental Income						
Muthoot Syndicate Nidhi Limited	15.68	15.44	-	-	**15.68**	**15.44**

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MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 23 (Contd.)
Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Fee on Intellectual Property Rights						
Muthoot Syndicate Nidhi Limited	-	-	-	-	-	-
Balance outstanding as at the period end:						
Loan from Director						
M Mathew						
Balance outstanding at the beginning	-	-	-	167.38	-	**167.38**
Amount Accepted	-	-	-	12.50	-	**12.50**
Amount Repaid	-	-	-	179.88	-	**179.88**
Balance outstanding at the year end	-	-	-	-	-	-
Debenture						
Nikita Elizabeth Verghese						
Balance outstanding at the beginning	-	-	6.50	16.50	**6.50**	**16.50**
Amount Accepted	-	-	5.10	-	**5.10**	-
Amount Repaid	-	-	6.50	10.00	**6.50**	**10.00**
Balance outstanding at the year end	-	-	5.10	6.50	**5.10**	**6.50**
Asha Richi Mathew						
Balance outstanding at the beginning	-	-	17.15	24.15	**17.15**	**24.15**
Amount Accepted	-	-	-	-	-	-
Amount Repaid	-	-		7.00	-	**7.00**
Balance outstanding at the year end	-	-	17.15	17.15	**17.15**	**17.15**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Subordinate Debts						
Nikita Elizabeth Verghese						
Balance outstanding at the beginning	-	-	35.59	35.59	**35.59**	**35.59**
Amount Accepted	-	-	-	-	-	-
Amount Repaid	-	-	-	-	-	-
Balance outstanding at the year end	-	-	35.59	35.59	**35.59**	**35.59**
Giselle Richi						
Balance outstanding at the beginning	-	-	12.95	9.80	**12.95**	**9.80**
Amount Accepted	-	-	-	3.15	-	**3.15**
Amount Repaid	-	-	-	-	-	-
Balance outstanding at the year end	-	-	12.95	12.95	**12.95**	**12.95**
Asha Richi Mathew						
Balance outstanding at the beginning	-	-	10.50	5.60	**10.50**	**5.60**
Amount Accepted	-	-	-	10.50	-	**10.50**
Amount Repaid	-	-	8.50	5.60	**8.50**	**5.60**
Balance outstanding at the year end	-	-	2.00	10.50	**2.00**	**10.50**
Reena Varghese						
Balance outstanding at the beginning	-	-	33.67	30.77	**33.67**	**30.77**
Amount Accepted	-	-	-	2.90	-	**2.90**
Amount Repaid	-	-	18.55	-	**18.55**	-
Balance outstanding at the year end	-	-	15.12	33.67	**15.12**	**33.67**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Gabriela Ninan Richi						
Balance outstanding at the beginning	-	-	5.00	5.00	**5.00**	**5.00**
Amount Accepted	-	-	5.00	-	**5.00**	-
Amount Repaid	-	-	-	-	-	-
Balance outstanding at the year end	-	-	10.00	5.00	**10.00**	**5.00**
M Mathew						
Balance outstanding at the beginning	-	-	9.90	43.77	**9.90**	**43.77**
Amount Accepted	-	-	32.43	52.50	**32.43**	**52.50**
Amount Repaid	-	-		86.37	-	**86.37**
Balance outstanding at the year end	-	-	42.33	9.90	**42.33**	**9.90**
Nimisha Elizabeth Verghese						
Balance outstanding at the beginning	-	-	38.95	38.95	**38.95**	**38.95**
Amount Accepted	-	-	-	-	-	-
Amount Repaid	-	-	-	-	-	-
Balance outstanding at the year end	-	-	38.95	38.95	**38.95**	**38.95**
Ammini Mathew						
Balance outstanding at the beginning	-	-	-	-	-	-
Amount Accepted	-	-	23.45	-	**23.45**	-
Amount Repaid	-	-	-	-	-	-
Balance outstanding at the year end	-	-	23.45	-	**23.45**	-
Perpetual Debt Instrument						
M Mathew	-	-	300.00	300.00	**300.00**	**300.00**

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 23 (Contd.)

Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Rental Deposits Paid						
M Mathew & Ammini Mathew	-	-	150.00	150.00	**150.00**	**150.00**
Interest Payable on Debenture						
Nikita Elizabeth Verghese	-	-	0.39	1.94	**0.39**	**1.94**
Asha Richi Mathew	-	-	5.48	3.20	**5.48**	**3.20**
Interest Payable on Perpetual Debt Instrument						
M Mathew	-	-	-	8.10	-	**8.10**
Interest Payable on Subordinate Debts						
Nikita Elizabeth Verghese	-	-	11.92	7.90	**11.92**	**7.90**
Giselle Richi	-	-	3.31	1.90	**3.31**	**1.90**
Asha Richi Mathew	-	-	0.04	0.29	**0.04**	**0.29**
Reena Verghese	-	-	4.78	6.60	**4.78**	**6.60**
M Mathew	-	-	3.31	0.51	**3.31**	**0.51**
Ammini Mathew			0.90	-	**0.90**	-
Nimisha Elizabeth Verghese	-	-	11.87	7.60	**11.87**	**7.60**
Gabriela Ninan Richi	-	-	1.15	0.60	**1.15**	**0.60**
Rent Payable						
M Mathew (Including GST)	-	-	-	0.81	-	**0.81**
Ammini Mathew	-	-	-	0.68	-	**0.68**

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 23 (Contd.)
Related Party Transactions

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives		Key Management Personnel/Director or their relatives		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Remuneration Payable						
Richi Mathew	-	-	-	1.75	-	1.75
Ammini Mathew	-	-	-	1.40	-	1.40
Aswathy Pradeep	-	-	-	0.61	-	0.61
M R Rajeev	-	-	-	1.16	-	1.16
Rent Receivable (Including GST)						
Muthoot Syndicate Nidhi Limited	1.38	1.41	-	-	1.38	1.41
Director'S Siiting fee Payable						
Asha Richi Mathew	-	-	0.20	-	0.20	-
Ammini Mathew	-	-	0.20	-	0.20	-
M Mathew	-	-	0.20	-	0.20	-
Neelakandan Madaswamy	-	-	0.20	-	0.20	-
Dillark Justin	-	-	0.10	-	0.10	-

Note:
a) The remuneration to the key managerial personnel does not include the provisions made for gratuity, as they are determined on acturial basis for the company as a whole.

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 24

Gold and other loan portfolio classification and and provision for non performing assets (As per RBI Prudential Norms)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
A.Secured Loans	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Gold Loan						
Standard Asset	49330.93	33132.25	123.33	82.83	49207.60	33049.42
Sub Standard Asset	113.96	122.77	60.36	12.28	53.60	110.49
Doubtful Asset	24.88	0.79	20.46	0.20	4.43	0.59
Loss Asset	-	-	-	-	-	-
Total A	**49,469.77**	**33,255.80**	**204.14**	**95.31**	**49,265.63**	**33,160.49**

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
B.Unsecured Loans	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Pronote						
Standard Asset	1268.70	596.13	3.17	1.49	1265.52	594.64
Sub Standard Asset	0.32	-	0.15	-	0.17	-
Doubtful Asset	-	-	-	-	-	-
Loss Asset	-	-	-	-	-	-
Total B	**1,269.02**	**596.13**	**3.32**	**1.49**	**1,265.70**	**594.64**
Total(A+B)	**50,738.79**	**33,851.93**	**207.46**	**96.80**	**50,531.33**	**33,755.13**

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MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 25
Employee Benefit Disclosure

i) Gratuity

Changes in Present value of obligation	31-Mar-23	31-Mar-22
Present value of obligation at the beginning of the year	96.63	103.02
Acquisition adjustment	-	-
Interest cost	7.27	7.23
Past service cost	-	-
Current service cost	22.59	15.54
Curtailment cost	-	-
Settlement cost	-	-
Benefits paid	-17.22	-17.23
Actuarial gain/loss on obligation	4.09	-11.93
Present value of obligations at the end of the year	113.37	96.63

Changes in fair value of plan assets
Not applicable as scheme is unfunded

Funded status
Not applicable as scheme is unfunded

Expense recognised in the statement of Profit/Loss	31-Mar-23	31-Mar-22
Current service cost	22.59	15.54
Past service cost	-	-
Interest cost	7.27	7.23
Expected return of plan asset	-	-
Curtailment cost	-	-
Settlement cost	-	-
Actuarial gain/loss recognised in the year	4.09	(11.93)
Expense recognised in the statement of Profit/Loss	33.95	10.84

Actuarial assumptions	31-Mar-23	31-Mar-22
Mortality table	IALM 2012-14 Ultimate table	IALM 2012-14 Ultimate table
Superannuation age	58	58
Early retirement and disablement	None	None
Discount rate	7.5%	6.1%
Inflation rate	7%	7%
Return on asset	N/A	N/A
Remaining working life	4.9	4.9
Formula used	Projected unit credit Method with control period of one year	Projected unit credit Method with control period of one year

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 25
Employee Benefit Disclosure (Contd)

Movements in Liability		
Recognised in Balancesheet:	31-Mar-23	31-Mar-22
Opening Net liability	96.63	96,629.74
Expenses as above	33.95	10.84
Contributions	-	-
Closing Net liability	113.37	96.63
Closing fund/provision at the end of year	113.37	96.63

Notes to Appendix B of AS 15(r 2005)
As the scheme is unfunded, charges to Profit/Loss account has been based on the following assumptions:
1. Previous obligation was provided for at last accounting date
2. Benefit to exits has been paid to debit of above provisions
3. Current obligation will be provided for at current accounting date

Experience adjustment

	31-Mar-23	31-Mar-22	31-Mar-21
Fair value on plan assets	NA	NA	NA
Status (Surplus/Deficit)	-	-	
Actuarial Gain/Loss on plan assets	NA	NA	NA
Difference due to change in assumptions	-	-	-
Experience Adjustment of Plan Assets (Gain / loss)	-	-	-
Actuarial Gain/Loss on Obligation	4.09	(11.93)	-
Diference due to change in assumptions	-	-	-
Experience Adjustment of obligation (Gain/ loss)	4.09	(11.93)	-

Actuarial valuation is available for the last 3 years only, hence figures are given for the last 3 years.

ii) Provident Fund
The amount of Provident Fund contribution charged to the Statement of Profit and Loss during the year aggregating to ₹ 35,62,323/-(Previous year : ₹ 31,31,912/-).

iii) Employee State Insurance
The amounts of Employee State Insurance contribution charged to the statement of profit and loss during the year aggregate to ₹ 3,79,977/- (Previous year-₹ 3,83,073/-)

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MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-23

(All amounts are in Lakhs of Indian rupees, unless other wise stated)

Note 26 Ratios

No.	Ratios	Numerator	Denominator	31-Mar-23	31-Mar-22	% Change	Reasons
a)	Current Ratio	Current Assets	Current Liabilities	4.97:1	7.44:1	-33.15%	Due to increase in short term borrowings
b)	Debt Equity Ratio	Total Debt	Shareholders Equity	3.2:1	2.35:1	36.47%	Due to increase in Long Term Borrowings
c)	Debt Service Coverage Ratio	EBITDA	Interest & Lease payment	0.99:1	1.65:1	-39.74%	Due to increase in profit
d)	Return on Equity Ratio	NPAT	Shareholders Equity	0.13:1	0.15:1	-7.49%	NA
e)	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	NA	NA	NA	NA
f)	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	NA	NA	NA	NA
g)	Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payable	NA	NA	NA	NA
h)	Net Capital Turnover Ratio	Net Sales	Average Working Capital	23.03%	22.59%	1.96%	NA
i)	Net Profit Ratio	Net Profit (After Tax)	Net Sales	19.29%	25.51%	-24.39%	NA
j)	Return on Capital Employed	EBIT	Capital Employed	11.76%	12.31%	-4.47%	NA
k)	Return on Investment	Net Profit	Cost of Investment	13.57%	14.66%	-7.43%	NA

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)

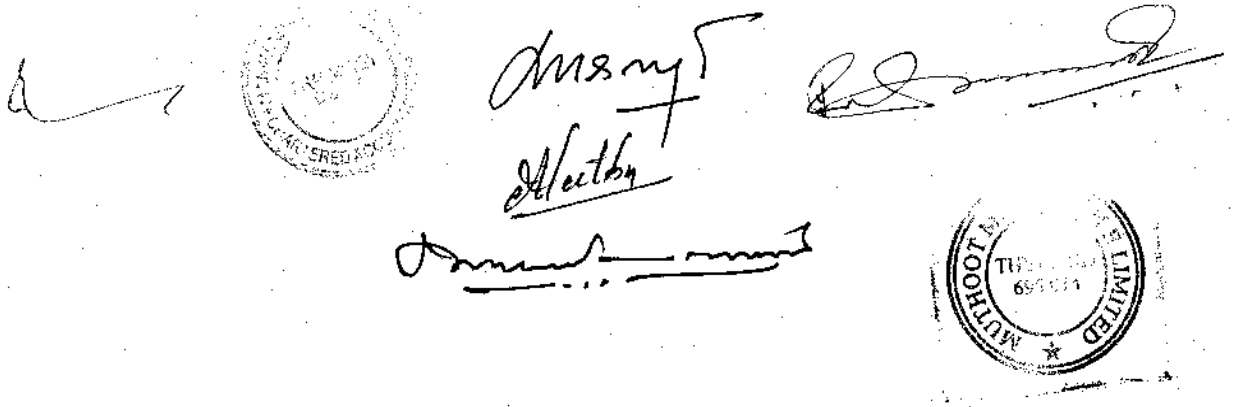
Note 27

Contingent Liabilities and Commitments	**31-Mar-23**	**31-Mar-22**
Contingent Liabilities		
(a) Claims against the company not acknowledged as debt.	Nil	Nil
-Demand from Income Tax Department- TDS Default#	4,741.72	Nil
(b) Guarantees	Nil	Nil
(c) Other money for which the company is contingently liable	Nil	Nil
Commitments		
(a) Estimated amount of contract remaining to be executed on capital account and not provided for	12,210.20	Nil
(b) Uncalled liability on shares and other investments partly paid	Nil	Nil
(c) Other commitments	Nil	Nil

#The Income Tax Department also raised demand of ₹ 4,74,172.14/- on account of TDS default for the financial years 2007-08 to 2022-23. This happens due to clerical error in quarterly TDS return and the company proposes to revise the return to abolish errors. Since the company does'nt expect any liability after revising the return, no provision has been made in the books of accounts of the company.

Note 28

Additional information to the statement of Profit and Loss	**31-Mar-23**	**31-Mar-22**
(a) Value of imports calculated on CIF basis by the company during the financial year in respect of -		
i) Raw materials	NIL	NIL
ii) Components and spare arts;	NIL	NIL
iii) Capital goods	NIL	NIL
(b) Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;	3,56,481.67	10,478.01
(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;	NIL	NIL
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;	NIL	NIL
(e) Earnings in foreign exchange classified under the following heads, namely:-		
i) Export of goods calculated on F.O.B. basis;	NIL	NIL
ii) Royalty, know-how, professional and consultation fees;	NIL	NIL
iii) Interest and dividend;	NIL	NIL
iv) Other income, indicating the nature thereof	NIL	NIL



Note 29
Lease

The total of future minimum lease payments of the company are as follows:

a) Not later than 1 year : ₹ 8,57,16,773.00/- (Previous year : ₹ 7,40,15,463/-)
b) Later than 1 year and not later than 5 years : ₹ 30,79,77,045.68/- (Previous year : ₹ 27,33,39,357/-)
c) Above 5 years : ₹ 18,11,81,604.43/- (Previous year : ₹ 20,12,20,166/-)

The lease payment recognized in the statement of profit and loss during the year is ₹ 7,46,21,372.24/-(Previous Year:₹4,32,56,516/-)

Note 30
Impairment of assets

In the opinion of management, there is no impairment during the year under review.

Note 31
Additional Provision on NPA

During the year the company has identified certain gold loan advances against spurious gold. An additional provision of ₹ 64,39,222.90/- towards probable loss against these pledges if not redeemed.

Note 32
Managerial Remuneration under section 197 of the Companies Act 2013

	31-Mar-23	31-Mar-22
M.Mathew	20.00	-
Richi Mathew	60.00	30.00
Ammini Mathew	24.00	24.00
Asha Richi Mathew	10.00	-

Note 33
Utilization of Proceeds

During the year the Company has raised an amount of ₹15,88,45,000/-(Previous Year: ₹ 16,55,74,000/-) by way of non-convertible debentures , ₹50,61,01,000/-(Previous Year: ₹35,16,58,000/-) by way of subordinate debts and ₹ 85,00,00,000/- (Previous Year: ₹ 55,18,92,234) by way of term loan, ₹ Nil/- (Previous Year: ₹ 12,50,000/-) by way of loan from directors the same has been utilized for the purpose of working capital requirements.

Note 34

Corporate Social Responsibility

The following is disclosed with regard to CSR activities :

	31-Mar-23	31-Mar-22
a) Amount Required to be spend by the company during the year :	34,954.77	26,372.16
b) Amount of expenditure incurred :	35.24	48,760.00
c) Shortfall at the end of the year :	-	-
d) Total of previous year shortfall :	-	-
e) Reason for shortfall :	NIL	NIL
f) Nature of CSR Activities :	Amount distributed for Covid 19 releif	Amount distributed for Covid 19 releif
g) Details of related party transactions :	NIL	NIL
h) Provision incured by entering into a contractual obligation :	NIL	NIL

Note 35

Details of Auction held during the year

	31-Mar-23	31-Mar-22
No. of Loan accounts	4541	5298
Principal amount Outstanding at the dates of auction(A)	1750.69	2323.26
Interest and Other charges Outstanding at the dates of auction(B)	484.13	558.79
Amount to be adjusted against other loans (C)	50.096	-
Total(A+B+C)	**2,284.92**	**2,882.05**
Value fetched*	2294.96	2886.07

*excluding GST / Sales tax collected from the buyer.

No sister concerns partcipated in the auctions held during the period.

Note 36

Disclosure on the following matters required under schedule III as amended not being applicable in case of the company, same are not covered such as :

a) No proceedings have been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;

b) The company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c) No registeration or satisfaction of charges are pending to be filed with ROC.

d) The company has not entered into any scheme of arragement.

e) There are no transactions which have not been recorded in the books.

f) The company has not traded or invested in crypto currency or virtual currency during the financial year.

g) The company does not have any transaction with companies struck off under section 248 or the Companies Act 2013.

h) Utilisation of Borrowed funds or share premium :

No funds have been advanced or loaned or invested (either borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

No funds have been received by the company from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

MUTHOOT MERCANTILE LIMITED
Notes to the financial statements for the year ended 31-March-23
(All amounts are in Lakhs of Indian rupees, unless other wise stated)
Note 37
Comparatives

The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership No.: 208654

Place: Thrissur
Date: 04th October 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October 2023

Richi Mathew
[Managing Director]
DIN 00224336

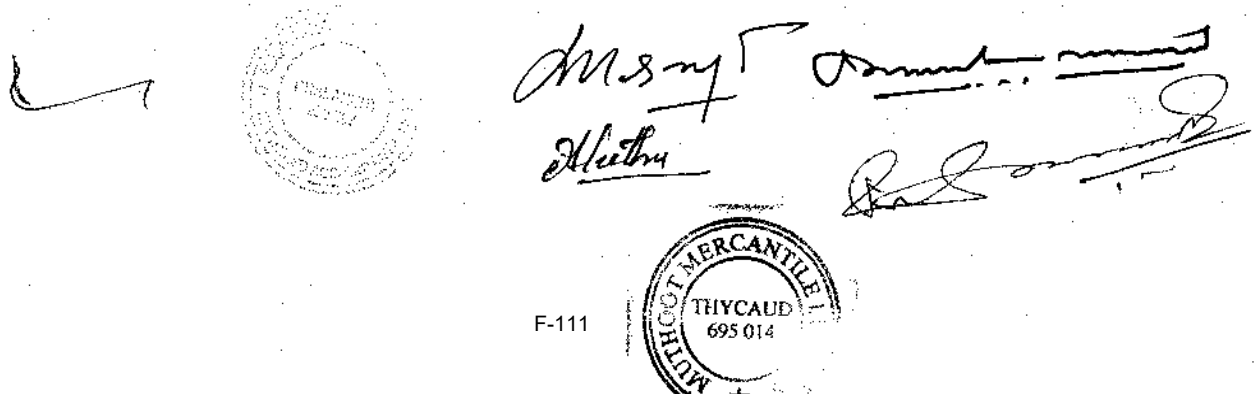
Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED
THYCAUD
695 014

Schedule to the Balance Sheet of a NBFC

(₹. in lakhs)

Sl No	Particulars		
	Liabilities side:		
(1)	**Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid**	**Amount outstanding**	**Amount overdue**
	(a) Debentures : Secured	5494	44
	: Unsecured (other than falling within the meaning of public deposits*)	0	0
	(b) Deferred Credits	0	0
	(c) Term Loans	12214	0
	(d) Inter-corporate loans and borrowing	0	0
	(e) Commercial paper	0	0
	(f) Public Deposits*	0	0
	(g) Other Loans(Specify nature)		
	(i)Overdraft	5961	0
	(ii)Perpetual Debt Instrument	300	0
	(iii)Loan from Director	0	0
	(iv)Subordinate Debts	21806	0
	*Please see Note 1 below		
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**		
	(a) In the form of Unsecured debentures		
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
	(c) Other public deposits		
	* Please see Note 1 below		
	Assets side:	**Amount outstanding**	
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	49470	
	(b) Unsecured	1269	
(4)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	0	
	(b) Operating lease	0	
	(ii) Stock on Hire including hire charges under sundry debtors:		
	(a) Assets on Hire	0	
	(b) Repossessed assets	0	
	(iii) Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed	0	
	(b) Loans other than (a) above	0	

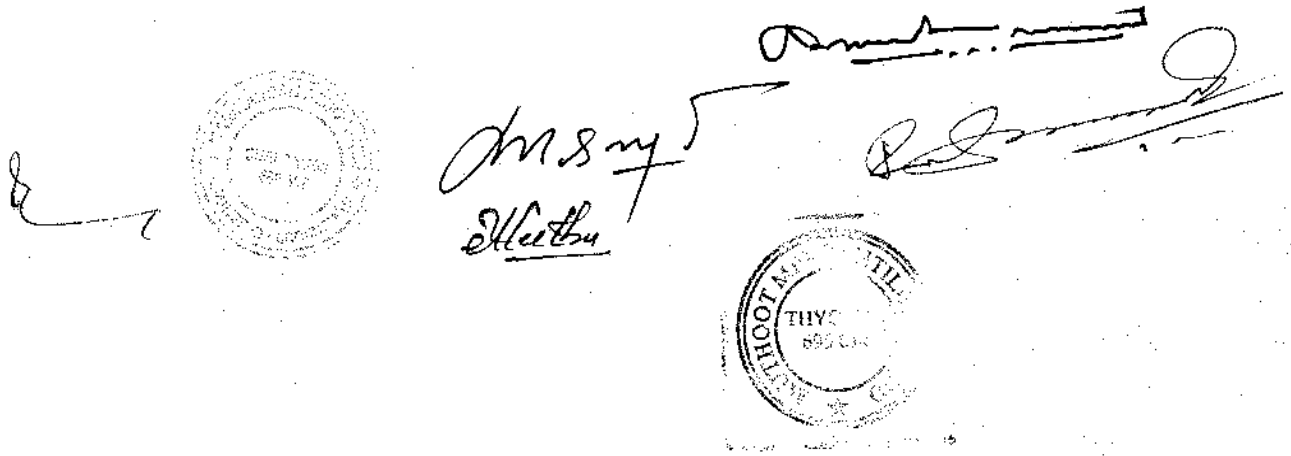


.(5)	**Break-up of Investments:**	
	Current Investments :	
	1. Quoted	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0
	2. Unquoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0
	Long term Investments:	
	1. Quoted	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0
	2. Unquoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of Mutual funds	0
	(iv) Government securities	0
	(v) Others (please specify)	0

.(6) **Borrower Group-wise classification of assets financed as in (3) and (4) above :**

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	0	0	0
(b) Companies in the same group	0	0	0
(c) Other related Parties	0	0	0
2. Other than related parties	49266	1265.70	50531
Total	49266	1266	50531



.(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):** Please see note 3 below		
	Category	Market value/Break-up or fair value or NAV	Book value (net of provisions)
	1. Related Parties** (a)Subsidiaries (b)Companies in the same group (c)Other related parties	0 0 0	0 0 0
	2. Other than related Parties	0	0
	Total	0	0
	**As per Accounting Standard of ICAI (Please see Note 3)		

.(8)	**Other information**	
	Particulars	Amount
	(i) Gross Non-Performing Assets (a) Related Parties (b) Other than related parties	 0 0
	(ii) Net Non-Performing Assets (a) Related Parties (b) Other than related parties (iii) Asset acquired in Satisfaction of Debt	 0 0 0

Notes:

1) As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
2) Provisioning norms shall be applicable as prescribed in these Directions.
3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, Market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date attached
For Manikandan & Associates
Chartered Accountant
ICAI Firm Registration Number: 008520S

C K Manikandan
[Partner]
Membership No.: 208654

Place: Thrissur
Date: 04th October 2023

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date: 04th October 2023

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED THIYCAUD 695 014

Independent Auditor's Report

To the members of Muthoot Mercantile Limited

Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Muthoot Mercantile Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, its profit, total comprehensive income, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI)together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.We have determined the matters described below to be the key audit matters
to be communicated in our report.

Chalakudy: "Krishna Arcade",Near Marathompilly Krishna Temple, KSRTC Road, Chalakudy - 680 307, **Kochi:** KV 50,5th Cross Road, Panampilly Nagar Cochin-682 036, **Thrissur:** S-16 Alukkas Castle,F-01,Opp.Collectorate, Ayyanthole, Thrissur - 680 003
Phone - Off: L: 0480 2960504, Off: M: 80788 37443, Partner: 94471 00504, Email :Off: ckmauditors@gmail.com Partner: manikandan_ck@yahoo.com
Website:www.manikandanca.com

Serial No.	Key Audit Matters	Auditor's Response
1.	Provision for Expected Credit Losses (ECL)	We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness ofcontrols across the processes relevant to ECL We also tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage.
2.	Due to the pervasive nature and complexity of the IT environment, we have ascertained IT systems and controls as a key audit matter.	We performed the following audit procedures: 1. Tested the Company's periodic review of access rights. 2. Considered the control environment relate to various interfaces, configuration and other application layer controls identified as key to our audit.

Information other than the financial statements and auditor's report thereon.

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. This is the audit report in respect of the period ended on 31st March, 2024 and the annual report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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.

In preparing the financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 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 2". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. Under Rule 11(e)

(i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. During the period the Company has not declared or paid dividend on equity shares.

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the period for all relevant transactions recorded in the software. Further, during the course of audit we did not come across any instance of audit trail feature being tampered with.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the period is in accordance with the provisions of section 197 of the Act.

For Manikandanand Associates
Chartered Accountants
ICAI Firm Reg No: 008520S



C K Manikandan
[Partner]
Membership No.208654
UDIN: 24208654BKACAJ6917

Place:Chalakudy
Date:29-05-2024

The Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of the Our Report of even date to the members of Muthoot Mercantile Limited on the accounts of the company for the period ended 31st March, 2024.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

i) a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) The Company has maintained proper records showing full particulars of intangible assets;

b) All the Property, Plant and Equipment have not been physically verified by the management during the period but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification;

c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company;

d) The company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets or both during the period;

e) No proceedings have been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;

ii) a) The Company is a Non-Banking Financial Company engaged in the business of providing loans and does not hold any type of physical inventories. Therefore, the provisions of paragraph 3(ii)(a) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company;

b) During the period, the company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions on the basis of security of current assets and the statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company;

iii) During the period the company has granted loans or advances, secured or unsecured, to parties other than firms, Limited Liability Partnerships.

a) The Company is a Non- Banking Financial Company engaged in the principal business of providing loans. Therefore, the provisions of paragraph 3(iii)(a) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company;

b) The terms and conditions of all the loans and advances granted by the company during the period are not prejudicial to the company's interest;

c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the company has provided impairment allowance for expected credit losses on loans and advances where repayments or receipts are irregular. In addition to that the company has created impairment reserve as per Prudential Norms of RBI;

d) Total amount overdue for more than ninety days is ` 2,17,63,085.34 /- and reasonable steps have been taken by the company for recovery of the principal and interest;

Type of Loan	No of Loans	Principal Overdue	Interest Overdue	Total Overdue
Gold Loan	178	2,10,57,466	6,687.34	2,10,64,153.34
Pronote Loan	54	6,98,932	-	6,98,932
Since it's a NBFC their principal business is to give loans. The loans for which overdue for more than 90 days are treated as irregular and these cases are classified as NPA as per RBI IRACP norms. The income recognition of the above has been done as per RBI IRACP norms.				

e) The Company is a Non-Banking Financial Company engaged in the principal business ofproviding loans. Therefore, the provisions of paragraph 3(iii) (e) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company;

f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to the Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013;

iv) The Company has not given any loans, provided any guarantees, and given any security to which the provisions of sections 185 and 186 of the Companies Act, 2013 are applicable. The Company has made investments complying section 186 of the Companies Act, 2013.

v) The Company has not accepted any Deposits or amounts which are deemed to be deposits from the public. Therefore 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 are not applicable to the Company. The Company has not received any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard;

vi) Being a Non-Banking Finance Company, maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013;

vii) a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Goods and ServiceTax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities wherever applicable to it. There are no arrears of statutory dues as at the last day of the period concerned for a period of more than six months from the date on which they became payable;

b) There are no statutory dues of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service tax, Goods and Service Tax or duty of customs or duty of excise or value added tax, cess which have not been deposited on account of any dispute;

viii) There are no transactions which were not recorded in the books of account which have been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (43 of 1961);

ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;

(b) The Company isn't a declared willful defaulter by any bank or financial institution or other lender;

(c) Term loans have been applied for the purpose for which the loans were obtained;

(d) The company has not utilized the funds raised on short term basis for long term purposes;

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

(f) The company has not raised any loans during the period on the pledge of securities held in its subsidiaries, joint ventures or associate companies;

x) a) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer of debt instruments obtained have been applied by the Company during the period for the purpose for which they have been raised;

Nature of the fund raised	Purpose for which the funds were raised;	Total amount raised;	Amount utilized for the other purpose;	Un-utilized balance as at Balance sheet date;	Details of default (Reason/ Delay);	Subsequently rectified (Yes/No) and details
Secured Redeemable Non-Convertible Debentures	1.For the purpose of onward lending, financing and for the repayment /prepayment of principal and interest on existing borrowings of the company; and 2. General corporate purposes, subject to such utilization not exceeding 25% of the amount raised in Issue, in compliance with the SEBI NCS Regulations.	104.20crores	Nil	Nil	Nil	Nil

b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period;

xi) (a) During the period the Company has reported a fraud case, where gold loan related misappropriations have occurred for amounts aggregating ` 32,66,629/-, and has provided equal amount of provision in the books of accounts.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) The company has not received any whistle-blower complaints during the period;

xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company;

xiii) All transactions with the related parties are in compliance with the sections 177 and 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards;

xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business;

(b) The reports of the internal auditors for the period under audit were considered by us;

xv) The Company has not entered into any non-cash transactions with directors or persons connected with them;

xvi) (a) The Company has obtained the required registration under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934);

(b) The Company has conducted Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) There are no CICs as part of the Group to which the company belongs

xvii) The company has not incurred any cash losses in the period and in the immediately preceding financial year;

xviii) There has been resignation of the statutory auditors during the period. There were no issues or objections or concerns raised by the outgoing auditors;

xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

xx) a) In respect of other than ongoing projects, the company does not have any unspent amount to be transferred to the Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to Section 135(5) of said Act;

b) In respect of ongoing projects, the company does not have any unspent amount under sub-section (5) of section 135 of the Companies Act, 2013, to be transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;

xxi) The Company is not a holding or subsidiary of any other company. Accordingly, paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company;

For Manikandan& Associates
Chartered Accountants
Firm Registration No: 008520S



C K Manikandan
[Partner]
Membership No.208654
UDIN:24208654BKACAJ6917

Place:Chalakudy
Date: 29-05-2024

Annexure 2 to the Independent Auditors' Report of Muthoot Mercantile Limited for the period ended 31st March , 2024.

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Muthoot Mercantile Limited** ('the Company') as of 31st March , 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the period 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 ('ICAI'). 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.

Auditor's 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 (the 'Standards') 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. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2024, 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 issued by the ICAI.

For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No: 008520S



C K Manikandan
[Partner]
Membership No.208654
UDIN:24208654BKACAJ6917

Place: Chalakudy
Date: 29-05-2024

To

The Board of Directors of
Muthoot Mercantile Limited

1. We have audited the attached Balance Sheet of **Muthoot Mercantile Limited** as at 31st March, 2024 and also the Statement of profit and loss(including Other Comprehensive Income) and the Cash flow statement and the Statement of Changes in Equity for the period ended on that date annexed thereto and issued our audit opinion dated 29th May, 2024 thereon. These financial statements are the responsibility of the Company's management. Our responsibility was to express an opinion on these financial statements based on our audit. Our audit was conducted in the manner specified in the audit report.

2. As required by the Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016,issued by the Reserve Bank of India (the Bank) and amended from time to time (the Directions), based on our audit referred to in paragraph 1 above and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereunder on the matters specified in paragraph 3 and 4 of the Directions.

a) The Company is engaged in the business of Non Banking Financial Institution (NBFI)as defined in section 45-I(a) of the Reserve Bank of India Act, 1934 (the Act) during the period ended31st March, 2024. With effect from 12th December , 2002 the Company is registered with the Bank as an NBFI without accepting public deposits vide Certificate of Registration ('CoR') number N-16.00178 dated 12th December, 2002 with the Bank.

b) Based on the asset/income pattern as on 31st March ,2024 determined by the Management in accordance with the audited financial statements for the period ended as on that date, and with reference to Non Banking Financial Company-Systemically Important Non-Deposit taking Company (Reserve Bank)Directions, 2016,the Company is entitled to continue to hold such CoR;

c) The Company has met the required net owned fund requirement as laid down in Master Direction – Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

d) The Board of Directors has passed a resolution on 17th April, 2023 for non acceptance of any public deposits.

e) The Company has not accepted any public deposits during the period and also does not hold any public deposit as on 31st March , 2024.

f) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad & doubtful debts as applicable to it in terms of Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 during the period ended 31st March ,2024.

3. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion mentioned in paragraph 1.

4. This report is issued solely for reporting on the matters specified in paragraph 3 and 4 of the Directions, to the Board of Directors and is not to be used or distributed for any other purpose.

For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No: 008520S



C K Manikandan
[Partner]
Membership No.208654
UDIN:24208654BKACAJ6917

Place: Chalakudy
Date : 29-05-2024

MUTHOOT MERCANTILE LIMITED

Balance Sheet as at 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

ASSETS	Notes	31-Mar-24	31-Mar-23	01-Apr-22
Financial Assets				
Cash and Cash Equivalents	6	1,066.27	4,553.56	3,464.19
Bank Balances other than above	7	2,285.62	840.69	15.31
Loans	8	66,138.56	50,665.72	33,794.80
Investments	9	-	-	1,101.98
Other Financial Assets	10	4,446.99	3,014.57	2,294.14
		73,937.44	**59,074.54**	**40,670.42**
Non-Financial Assets				
Current tax assets	11	755.84	644.03	638.63
Deferred Tax Assets (Net)	12	246.79	187.26	113.74
Property, Plant and Equipment	13A	642.01	579.42	423.98
Right-of-Use Asset	13B	4,176.39	3,828.43	3,680.91
Other Intangible Assets	14	1.57	0.87	-
Other Non-Financial Assets	15	145.30	21.43	23.69
		5,967.89	**5,261.45**	**4,880.94**
TOTAL		**79,905.33**	**64,336.00**	**45,551.36**
LIABILITIES AND EQUITY				
Financial Liabilities				
Trade Payables	19			
(A) total outstanding dues of micro enterprises and small enterprises; and		23.95	8.49	17.20
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		95.79	17.45	55.35
Debt Securities	20	14,050.62	5,130.45	4,482.58
Borrowings (Other than Debt Securities)	21	19,271.94	18,474.41	8,306.66
Subordinate Liabilities	22	20,978.08	20,123.55	15,062.54
Lease Liability	13B	4,627.97	4,122.65	3,792.67
Other Financial Liabilities	17	3,158.52	2,292.46	1,488.71
		62,206.87	**50,169.47**	**33,205.71**
Non-Financial Liabilities				
Provisions	16	1,048.78	790.64	710.76
Other Non-Financial Liabilities	18	91.74	49.30	77.83
		1,140.51	**839.95**	**788.59**
Equity				
Equity Share Capital	23	3,641.87	2,941.88	2,941.88
Other Equity	24	12,916.07	10,384.71	8,615.19
		16,557.95	**13,326.58**	**11,557.07**
TOTAL		**79,905.33**	**64,336.00**	**45,551.36**

Summary of significant accounting policies
Accompanying Notes are an integral part of the Financial Statements.

As per our report of even date attatched
For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No.: 008520S

C K Manikandan
[Partner]
Membership no.: 208654

Place: Chalakudy
Date:29-05-2024

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date:29-05-2024

MUTHOOT MERCANTILE LIMITED

Statement of profit and loss for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

	Particulars	Notes	31-Mar-24	31-Mar-23
(I)	**Income**			
	Revenue from Operations			
	(i) Interest Income	25	12,777.58	9,310.02
	(ii) Fees and Commission Income		215.42	120.96
	Other Income	26	184.91	47.24
	Total Revenue(I)		**13,177.91**	**9,478.21**
(II)	**Expenses**			
	Finance Costs	27	5,262.98	3,663.91
	Impairment on Financial Instruments (Net)	29	102.38	15.94
	Employee Benefits Expenses	28	2,552.92	2,023.92
	Depreciation, Amortisation and Impairment Expense	30	863.60	739.99
	Administrative and Other Expenses	31	1,010.44	657.13
	Total Expenses (II)		**9,792.32**	**7,100.89**
(III)	**Profit/(loss) before Exceptional Items & Tax (I-II)**		**3,385.60**	**2,377.32**
(IV)	Exceptional items		-	-
(V)	**Profit/(loss) before tax (III-IV)**		**3,385.60**	**2,377.32**
(VI)	**Tax Expense:**			
	(a) Current Tax	34	930.86	677.28
	(b) (Excess)/Short provision of Previous Years		-	(0.03)
	(c) Deferred Tax (Income)/Expense		(64.86)	(69.49)
	Total tax expense (VI)		**866.00**	**607.75**
(VII)	**Profit/(loss) for the year (V) - (VI)**		**2,519.60**	**1,769.57**
(VIII)	**Other Comprehensive Income/(Expense)**			
	(i) Items that will not be reclassified to Profit or Loss			
	(a) Remeasurement Gains/ (Losses) on Defined Benefit Plan		17.10	(4.09)
	(b) Gains/ (Losses) on Equity Instruments through Other Comprehensive Income			
	(ii) Tax related to above		(5.33)	4.03
	Total Other Comprehensive Income/(Expense) VIII)		**11.77**	**(0.06)**
(IX)	**Total Comprehensive Income/(Expense) for the period (VII+VIII)**		**2,531.37**	**1,769.51**
	(Comprising profit and other comprehensive income for the year)			
	Earnings per Equity share			
	[nominal value of share ₹10]			
	(Basic) ₹	32	**8.25**	**6.02**
	(Diluted) ₹		**8.25**	**6.02**

Summary of significant accounting policies

Accompanying Notes are an integral part of the Financial Statements.

As per our report of even date attatched

For Manikandan and Associates

Chartered Accountants

ICAI Firm Reg No.: 008520S

C K Manikandan

[Partner]

Membership no.: 208654

Place: Chalakudy

Date:29-05-2024

For and on behalf of the board of directors of

Muthoot Mercantile Limited

M Mathew

[Wholetime Director]

DIN 00063078

Richi Mathew

[Managing Director]

DIN 00224336

M R Rajeev

[Chief Financial Officer]

Neethu C Biju

[Company Secretary]

Place: Thiruvananthapuram

Date:29-05-2024

MUTHOOT MERCANTILE LIMITED

Statement of Cash Flows for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

	31-Mar-24	31-Mar-23
Net Profit before tax	**3,385.60**	**2,377.32**
Adjustments for:		
Depreciation and amortization expense	863.60	739.99
Impairment on financial instruments	102.38	15.94
Provision for Gratuity	21.65	12.65
Finance cost	432.51	380.89
Interest on Fixed deposit	(126.18)	(14.88)
Lease payments	866.84	716.39
Net (Gain)/Loss on sale of investments	(8.62)	-
Operating profit before working capital changes	**5,537.79**	**4,228.31**
Changes in working capital :		
Decrease / (increase) in non-financial asset	(123.86)	2.25
Decrease / (increase) in loans	(15,575.22)	(16,886.86)
Decrease / (increase) in investments	-	1,101.98
Decrease / (increase) in current tax assets	(111.80)	(5.41)
Decrease / (increase) in other financial asset	(1,432.42)	(720.42)
Increase / (decrease) in trade payables	93.80	(46.61)
Increase / (decrease) in other financial liablities	866.06	803.75
Increase / (decrease) in Lease Liability (Net)	505.32	329.99
Increase / (decrease) in other non-financial liablities	42.44	(28.53)
Cash generated from /(used in) operations	**(10,197.91)**	**(11,221.54)**
Net income Taxes Paid	(677.28)	(614.09)
Net cash flow from/ (used in) operating activities (A)	**(10,875.19)**	**(11,835.63)**
Cash flows from investing activities		
Net Gain/(Loss) on sale of investments	8.62	-
Purchase of property,plant and equipments including CWIP	(300.12)	(358.83)
Purchase of intangible assets	(1.14)	(1.09)
Bank balance not considerd as cash and cash equivalents	(1,444.92)	(825.38)
Net cash flow from/ (used in) investing activities (B)	**(1,737.57)**	**(1,185.30)**
Cash flows from financing activities		
Proceed from Debt Security (Net)	8,920.17	647.87
Proceed from Borrowings (Net)	797.52	10,167.75
Proceed from Subordinate Liabilities (Net)	854.53	5,061.01
Finance cost	(432.51)	(380.89)
Interest on Fixed deposit	126.18	14.88
Proceeds from issue of equity share capital	700.00	-
Lease payments	(866.84)	(716.39)
Right to Use Asset (Net)	(973.59)	(683.91)
Net cash flow from/ (used in) in financing activities (C)	**9,125.46**	**14,110.31**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(3,487.29)**	**1,089.37**
Cash and cash equivalents at the beginning of the year	4,553.56	3,464.19
Cash and cash equivalents at the end of the year	**1,066.27**	**4,553.56**
Components of cash and cash equivalents		
Cash on hand	702.46	482.05
With banks	363.81	4,071.52
Total cash and cash equivalents (Note 6)	**1,066.27**	**4,553.56**
Summary of significant accounting policies		

As per our report of even date attatched

For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No.: 008520S

C K Manikandan
[Partner]
Membership no.: 208654

Place: Chalakudy
Date: 29-05-2024

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063076

Richi Mathew
[Managing Director]
DIN 00224336

M R Rajeev
[Chief Financial Officer]

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date: 29-05-2024

MUTHOOT MERCANTILE LIMITED

Statement of changes in equity for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

A Equity Share Capital

	As at 31-March-2024		As at 31-March-2023	
	Number	Amount	Number	Amount
Balance at the beginning of the period	2,94,18,750	2,941.88	2,94,18,750	2,941.88
Changes in Equity share capital during the year due to prior period errors	-	-	-	-
Restated balance at the beginning of the period	2,94,18,750	2,941.88	2,94,18,750	2,941.88
Changes in Equity share capital during the year	69,99,997	700.00	-	-
Balance at the end of the reporting period	3,64,18,747	3,641.87	2,94,18,750	2,941.88

B Other Equity

	Reserves and Surplus					Items of other comprehensive Income	Total
	Statutory Reserve (pursuant to Section 45IC of the Reserve Bank of India Act, 1934)	Capital Redemption Reserve	Impairment Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at the 1st April, 2022	2,511.87	2,280.63	62.51	-	3,751.26	8.93	8,615.19
Changes in accounting policy/prior period errors	-		-	-	-	-	-
Restated balance at the 1st April, 2022	2,511.87	2,280.63	62.51	-	3,751.26	8.93	8,615.19
Profit for the year	-	-	-	-	1,769.57		1,769.57
Other Comprehensive Income (net of tax)	-	-	-	-		(0.06)	(0.06)
Dividend and Corporate Dividend Tax	-	-	-	-			-
Transfer from retained earnings	366.00	-	91.55	-	(457.55)	-	-
MAT Credit for earlier years	-	-	-	-	-	-	-
Balance as at 31st March, 2023	2,877.87	2,280.63	154.06	-	5,063.28	8.87	10,384.71
Balance as at the 1st April, 2023	2,877.87	2,280.63	154.06	-	5,063.28	8.87	10,384.71
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the 1st April, 2023	2,877.87	2,280.63	154.06	-	5,063.28	8.87	10,384.71
Profit for the year					2,519.60	-	2,519.60
Other Comprehensive Income (net of tax)						11.77	11.77
Dividend and Corporate Dividend Tax						-	-
Transfer from retained earnings	505.92		157.86		(663.78)	-	-
MAT Credit for earlier years	-	-	-	-	-	-	-
Balance as at 31st March, 2024	3,383.78	2,280.63	311.92	-	6,919.10	20.64	12,916.07

As per our report of even date attatched
For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No.: 008520S

C K Manikandan
[Partner]
Membership no.: 208654

Place: Chalakudy
Date:29-05-2024

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M K Rajeev
[Chief Financial Officer]

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

Place: Thiruvananthapuram
Date:29-05-2024

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

1 BACKGROUND INFORMATION

Muthoot Mercantile Limited(CIN:U65921KL1997PLC011260) was incorporated on 3rd March 1997,having registered office at 1st Floor, North Block, "Muthoot Floors",opposite W & C Hospital, Thycaud, Thiruvananthapuram, 695014, Kerala

The Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company (NBFC-ND) which provides a wide range of fund based and fee based services including Gold loan, Money Transfer etc.The Company is a Non-Deposit taking Non Banking Financial Company registered under section 45 IA of the Reserve Bank of India Act,1934 vide Certificate of Registration ('CoR') number N-16.00178 dated 12th December, 2002.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules , 2015 (as amended from time to time). The financial sratements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards and on accrual basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in accounting policies below.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND.

The financial statements are presented in Indian Rupees (INR) except when otherwise indicated.

All amounts included in the financial statements are reported in Lakhs of indian rupees (Rupees in Lakhs) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not be add up precisely to the totals and percentages may not precisely reflect the absolute figures.

3 PRESENTATION OF FINANCIAL STATEMENTS

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

(i) The normal course of business

(ii) The event of default

(iii) The event of insolvency or bankruptcy of the Company and/or its counterparties.

4 SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies adopted in the Preparation and Presentation of Financial Statements are as under-:

A. FINANCIAL INSTRUMENTS

(I) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

i) Financial assets to be measured at amortised cost.

ii) Financial assets to be measured at fair value through other comprehensive income.

iii) Financial assets to be measured at fair value through profit or loss account.

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets. The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the entity's key management personnel on the performance of the financial assets.
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof.

- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades. The business model assessement is based on reasonably expected scenarios without taking ' worst case' or 'stress case' scenarios into account.

The Company also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding. 'Principal' is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(II) Initial Recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

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

Financial assets and financial liabilities, with the exception of loans, debt securities and deposits are recognised on the trade date i.e. when a Company becomes a party to the contractual provisions of the instruments. Loans, debt securities and deposits are recognised when the funds are transferred to the customers account. Trade receivables are measured at the transaction price.

(III) Subsequent Measurement

Financial assets at amortised cost

Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently these are measured at amortised cost using effective interest method less any impairment losses.

Debt Instruments at FVOCI

Debt instruments that are measured at FVOCI have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding and that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. These instruments largely comprise long-term investments made by the Company. FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity Instruments at FVOCI

These include financial assets that are equity instruments as defined in Ind AS 32 "Financial Instruments: Presentation" and are not held for trading and where the Company's management has elected to irrevocably designated the same as Equity instruments at FVOCI upon initial recognition. Subsequently, these are measured at fair value and changes therein are recognised directly in other comprehensive income, net of applicable income taxes.

Gains and losses on these equity instruments are never recycled to profit or loss.

Dividends from these equity investments are recognised in the statement of profit and loss when the right to receive the payment has been established.

Fair value through Profit and loss account

Financial assets are measured at FVTPL unless it is measured at amortised cost or at FVOCI on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

(IV) Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other Financial Liabilities

These are measured at amortised cost using effective interest rate.

(V) Derecognition of Financial Assets and Financial Liabilities

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(VI) Impairment of Financial Assets

The company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. In addition to that the Company has provided for Non-Performing Assets (NPA) as per Prudential Norms of RBI.

The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account. The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, ECL associated with the probability of default events is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised

The company has identified the following stage classification to be the most appropriate for its loans:

Stage 1: 0 to 60 Days Past Due

Stage 2: 61 to 90 Days Past Due

Stage 3: above 90 Days Past Due

Reclassification of Financial assets

The company does not re-classify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances when the company changes its business model for managing such financial assets. The company does not re-classify its financial liabilities.

(VII) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower /debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(VIII) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

(IX) Foreign currency transactions and translation

The financial statements of the Company are presented in Indian rupees (₹), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Exchange differences arising on the retranslation or settlement of monetary items are included in the statement of profit and loss for the period.

B. REVENUE FROM OPERATIONS

(I) Recognition of Dividend and Interest Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders or Board of Directors approve the dividend.

Under Ind AS 109 interest income is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

(II) Dividends on Ordinary Shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

(III) Fees and Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Processing fee which is not forming part of effective interest rate has been recognised as and when it is accrued.

(IV) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised as Revenue and if there is a net loss the same is disclosed under as Expense in the statement of Profit and Loss.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

C. EXPENSES

(I) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent change the estimation of the future cash flows is recognised in interest with the corresponding adjustment to the carrying amount of the assets.

(II) Employee Benefits

Short term employee benefit

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

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date,then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Re-measurement, comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

(III) Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii)the Company has the right to direct the use of the asset.At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases). For these short-term leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term.ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or,if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.
Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(IV) Other Income and Expenses

All Other income and expense are recognized in the period they occur.

(V) Impairment of Non-Financial Assets

The carrying amounts of the Company's property, plant & equipment and intangible assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognised in the statement of profit and loss in the period in which impairment takes place.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior accounting periods. A reversal of an impairment loss is recognised immediately in profit or loss.

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(VI) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from,or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Minimum Alternative Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short term cash commitments (rather than for investment or other purposes).
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, as they are considered an integral part of the Company's cash management.

E. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indended by the managment. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expentiture related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred. Depreciation is calculated using the Written Down Value (WDV) method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives as follows:

Particulars	Useful life estimated by company (Years)
Strong Room	20 (acquired up to 31-03-15)*
	10 (Others)
Furniture And Fixtures	20 (acquired up to 31-03-15)*
	10 (Others)
Vehicles	8
Office Equipments	3 (End user devices)
	6 (Servers and networks)
Office & Electrical Equipments	20 (acquired up to 31-03-15)*
	10 (Others)

*Based on the estimation given by the chartered engineer

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use.Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property,plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

F. INTANGIBLE ASSETS

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

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

G. CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed in Other Non-Financial Assets.

H. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the time value of money is material, provisions are measured on a discounted basis. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Constructive obligation is an obligation that derives from an entity's actions where:

(a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities, and

(b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities Contingent liabilities are not recognised in the financial statements. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

I. EARNING PER SHARE

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS,ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures including disclosures of contingent assets and contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of: impairment of financial instruments, provisions and contingent liabilities.

A. BUSINESS MODEL ASSESSMENT

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

B. DEFINED EMPLOYEE BENEFIT ASSETS AND LIABILITIES

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

C. FAIR VALUE MEASUREMENT

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

D. IMPAIRMENT OF LOANS PORTFOLIO

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.The impairment loss on loans and advances is disclosed in more detail in Note 9 Overview of ECL principles.In case, higher provisions are to be considered as per the prudential norms of the Reserve Bank of India, they are considered and routed through Impairment Reserves.

E. CONTINGENT LIABILITIES AND PROVISIONS OTHER THAN IMPAIRMENT ON LOAN PORTFOLIO

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration in the ordinary course of the Company's business.When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.Significant judgement is required to conclude on these estimates.

F. EFFECTIVE INTEREST RATE (EIR) METHOD

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

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments and other fee income/expense that are integral parts of the instrument.

G. OTHER ESTIMATES

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

H. SEGMENT REPORTING

Pursuant to Ind AS 108 - Operating Segments, no segment disclosure has been made in these financial statements, as the Company has only one geographical segment and no other separate reportable business segment.

6 Cash and Cash Equivalents

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Cash on hand	702.46	482.05	660.98
Balances with Banks - in Current Account	363.63	4,065.70	2,798.32
Treasury Savings Bank	0.18	5.82	4.88
Total	**1,066.27**	**4,553.56**	**3,464.19**

7 Bank Balances other than above

	As at 31-March-2024	As at 31-March-2023	As at 31-March-2022
Earmarked balances with banks			
Balances with banks to the extent held as security	2,082.90	809.77	-
For unpaid dividend	0.10	0.10	0.10
Debenture trustee account	2.62	4.72	4.72
Other bank balances			
Fixed Deposits	200.00	26.11	10.48
	2,285.62	**840.69**	**15.31**

8 Loans

Particulars	As at 31-March-2024					
		At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans						
(A)						
(i) Loans repayable on demand						
Gold Loan	64,659.27	-	-	-	-	64,659.27
Pronote Loan	1,654.74					1,654.74
(iii) Other Loans:						
Corporate Loans		-	-	-	-	-
Letter of Credit		-	-	-	-	-
Total (A) - Gross	**66,314.01**	-	-	-	-	**66,314.01**
Less: Impairment loss allowance	175.45	-	-	-	-	175.45
Total (A) - Net	**66,138.56**	-	-	-	-	**66,138.56**
(B)						
(i) Secured by tangible assets	64,659.27	-	-	-	-	64,659.27
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank / Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	1,654.74	-	-	-	-	1,654.74
Total (B) Gross	**66,314.01**	-	-	-	-	**66,314.01**
Less: Impairment loss allowance	175.45	-	-	-	-	175.45
Total (B) Net	**66,138.56**	-	-	-	-	**66,138.56**

8 Loans (Contd.)

(C)						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	66,314.01	-	-	-	-	66,314.01
Total (C) Gross	**66,314.01**	-	-	-	-	**66,314.01**
Less: Impairment loss allowance	175.45	-	-	-	-	175.45
Total (C) (I) Net	**66,138.56**	-	-	-	-	**66,138.56**
(II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II) Net	-	-	-	-	-	-
Total (C) (I) and C (II)	**66,138.56**	-	-	-	-	**66,138.56**
Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons	Nil	Nil	Nil	Nil		Nil
Amounts due by firms or private companies in which any director is a partner or a director or a member	Nil	Nil	Nil	Nil		Nil

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MUTHOOT MERCANTILE LIMITED THYCAUD 695014

8 Loans (Contd.)

Particulars	As at 31-March-2023					
		At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans						
(A)						
(i) Loans repayable on demand						
Gold Loan	49,469.77	-	-	-	-	49,469.77
Pronote Loan	1,269.02					1,269.02
(ii) Other Loans:						
Corporate Loans	-	-	-	-	-	-
Letter of Credit	-	-	-	-	-	-
Total (A) - Gross	**50,738.79**	-	-	-	-	**50,738.79**
Less: Impairment loss allowance	73.07	-	-	-	-	73.07
Total (A) - Net	**50,665.72**	-	-	-	-	**50,665.72**
(B)						
(i) Secured by tangible assets	49,469.77	-	-	-	-	49,469.77
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank / Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	1,269.02	-	-	-	-	1,269.02
Total (B) Gross	**50,738.79**	-	-	-	-	**50,738.79**
Less: Impairment loss allowance	73.07	-	-	-	-	73.07
Total (B) Net	**50,665.72**	-	-	-	-	**50,665.72**

8 Loans (Contd.)

(C)						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	50,738.79	-	-	-	-	50,738.79
Total (C) Gross	**50,738.79**	-	-	-	-	**50,738.79**
Less: Impairment loss allowance	73.07	-	-	-	-	73.07
Total (C) (I) Net	**50,665.72**	-	-	-	-	**50,665.72**
(II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II) Net	-	-	-	-	-	-
Total (C) (I) and C (II)	50,665.72	-	-	-	-	**50,665.72**
Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons	Nil	Nil	Nil	Nil		Nil
Amounts due by firms or private companies in which any director is a partner or a director or a member	Nil	Nil	Nil	Nil		Nil

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

8 Loans

Particulars	As at 01-April-2022					
		At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans						
(A)						
(i) Loans repayable on demand						
Gold Loan	33,255.80	-	-	-	-	33,255.80
Pronote loan	596.13					596.13
(ii) Other Loans:						
Corporate Loans		-	-	-	-	-
Intercorporate Deposit		-	-	-	-	-
Letter of Credit		-	-	-	-	-
Total (A) - Gross	**33,851.93**	-	-	-	-	**33,851.93**
Less: Impairment loss allowance	57.13	-	-	-	-	57.13
Total (A) - Net	**33,794.80**	-	-	-	-	**33,794.80**
(B)						
(i) Secured by tangible assets	33,255.80	-	-	-	-	33,255.80
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank / Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	596.13	-	-	-	-	596.13
Total (B) Gross	**33,851.93**	-	-	-	-	**33,851.93**
Less: Impairment loss allowance	57.13	-	-	-	-	57.13
Total (B) Net	**33,794.80**	-	-	-	-	**33,794.80**

8 Loans (Contd.)

(C)						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	33,851.93	-	-	-	-	33,851.93
Total (C) Gross	**33,851.93**	-	-	-	-	**33,851.93**
Less: Impairment loss allowance	57.13	-	-	-	-	57.13
Total (C) (I) Net	**33,794.80**	-	-	-	-	**33,794.80**
(II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II) Net	-	-	-	-	-	-
Total (C) (I) and C (II)	**33,794.80**	-	-	-	-	**33,794.80**
Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons	Nil	Nil	Nil	Nil		Nil
Amounts due by firms or private companies in which any director is a partner or a director or a member	Nil	Nil	Nil	Nil		Nil

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

8 Summary of ECL Provisions

Particulars	FY 2023-2024			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	66.03	8.91	97.16	**172.11**
Pronote Loan	2.64	0.23	0.47	**3.34**
Other Loans:				
	-	-	-	-
Total Closing ECL Provisions	**68.67**	**9.14**	**97.63**	**175.45**

Particulars	FY 2022-2023			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	43.30	12.42	16.54	**72.26**
Pronote Loan	0.78	0.00	0.03	**0.81**
Other Loans:				
	-	-	-	-
Total Closing ECL Provisions	**44.07**	**12.43**	**16.57**	**73.07**

Particulars	FY 2021-2022			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	14.19	30.46	12.48	**57.13**
Pronote Loan	-	-	-	-
Other Loans:				
	-	-	-	-
Total Closing ECL Provisions	**14.19**	**30.46**	**12.48**	**57.13**

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

8 Loans(Contd)

As at 31-March-2024

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	65,092.74	68.67	65,024.07	260.46	(191.79)
	Stage 2	875.13	9.14	865.99	3.50	-
	Subtotal	**65,967.87**	**77.81**	**65,890.05**	**263.96**	**(191.79)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**189.53**	**7.09**	**182.44**	**18.95**	(11.86)
Doubtful - up to 1 year	Stage 3	7.72	1.29	6.43	2.57	(1.29)
1 to 3 years	Stage 3	59.00	39.80	19.20	40.61	(0.81)
More than 3 years	Stage 3	73.15	32.71	40.44	35.95	(3.24)
	Subtotal for doubtful	**139.87**	**73.80**	**66.07**	**79.13**	**(5.33)**
Loss	Stage 3	16.75	16.75	-	16.75	-
	Subtotal for NPA	**346.14**	**97.63**	**248.51**	**114.83**	**(17.20)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Subtotal	-	-	-	-	-
Total	Stage 1	65,092.74	68.67	65,024.07	260.46	(191.79)
	Stage 2	875.13	9.14	865.99	3.50	-
	Stage 3	346.14	97.63	248.51	114.83	(17.20)
	Total	**66,314.01**	**175.45**	**66,138.56**	**378.79**	**(208.99)**

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MUTHOOT MERCANTILE LIMITED THYCAUD 695014

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

8 Loans(Contd)

As at 31-Mar-2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	49,355.77	44.07	49,311.70	123.51	(79.44)
	Stage 2	1,242.57	12.43	1,230.15	3.11	-
	Subtotal	**50,598.35**	**56.50**	**50,541.85**	**126.62**	**(79.44)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**115.56**	**11.43**	**104.13**	**60.52**	**(49.09)**
Doubtful - up to 1 year	Stage 3	24.10	4.82	19.28	19.74	(14.92)
1 to 3 years	Stage 3	0.36	0.11	0.25	0.29	(0.18)
More than 3 years	Stage 3	0.43	0.21	0.21	0.43	(0.21)
	Subtotal for doubtful	**24.88**	**5.14**	**19.74**	**20.46**	**(15.32)**
Loss	Stage 3	-	-	-	-	-
	Subtotal for NPA	**140.44**	**16.57**	**123.87**	**80.97**	**(64.40)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Subtotal	-	-	-	-	-
Total	Stage 1	49,355.77	44.07	49,311.70	123.51	(79.44)
	Stage 2	1,242.57	12.43	1,230.15	3.11	-
	Stage 3	140.44	16.57	123.87	80.97	(64.40)
	Total	**50,738.79**	**73.07**	**50,665.72**	**207.59**	**(143.84)**

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MUTHOOT MERCANTILE LIMITED THYCAUD 695014

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

8 Loans(Contd)

As at 01-April-2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	30,682.01	14.19	30,667.82	76.71	(62.51)
	Stage 2	3,046.37	30.46	3,015.90	7.62	-
	Subtotal	**33,728.38**	**44.65**	**33,683.72**	**84.32**	**(62.51)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	122.77	12.28	110.49	**12.28**	-
Doubtful - up to 1 year	Stage 3	0.36	0.07	0.29	0.07	-
1 to 3 years	Stage 3	0.43	0.13	0.30	0.13	-
More than 3 years	Stage 3			-		-
	Subtotal for doubtful	**0.79**	**0.20**	**0.59**	**0.20**	-
Loss	Stage 3	-	-	-	-	-
	Subtotal for NPA	**123.55**	**12.48**	**111.08**	**12.48**	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition,	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Subtotal	-	-	-	-	-
Total	Stage 1	30,682.01	14.19	30,667.82	76.71	(62.51)
	Stage 2	3,046.37	30.46	3,015.90	7.62	-
	Stage 3	123.55	12.48	111.08	12.48	-
	Total	**33,851.93**	**57.13**	**33,794.80**	**96.80**	**(62.51)**

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MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

8 Loans(Contd)

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

	Period ended 31st March 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening Gross carrying amount	**49,355.77**	**1,242.62**	**140.40**	**50,738.79**
Add:- New Assets	1,64,960.35	784.87	138.70	1,65,883.93
Less:- Assets repaid	(1,49,091.37)	(1,155.70)	(61.64)	(1,50,308.71)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-7.30	7.30	-	-
Transfer to Stage 3	-124.73	-3.11	127.84	-
Less:- Write off				-
Closing Gross carrying amount	**65,092.74**	**875.98**	**345.29**	**66,314.01**

	Period ended 31st March 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening Gross carrying amount	**30,682.01**	**3,046.37**	**123.55**	**33,851.93**
Add:- New Assets	1,43,252.11	685.50	1.24	1,43,938.85
Less:- Assets repaid	(1,23,964.12)	(2,982.03)	(105.84)	(1,27,051.99)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-581.72	537.25	44.47	-
Transfer to Stage 3	-32.50	-44.47	76.97	-
Less:- Write off				-
Closing Gross carrying amount	**49,355.77**	**1,242.62**	**140.40**	**50,738.79**

Reconciliation of ECL Balance

	Period ended 31st March 2024			
ECL Provision	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**44.07**	**12.43**	**16.57**	**73.07**
Add:- New Assets	68.66	9.06	32.89	110.61
Less:- Repaid	(43.86)	(12.39)	(7.57)	(63.81)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(0.07)	0.07	-	-
Transfer to Stage 3	(7.38)	(0.31)	7.69	-
Less:- Write off	-	-	-	-
Impact of changes in credit risk on account of stage movements	7.25	0.28	48.05	55.58
Closing carrying amount	**68.67**	**9.14**	**97.63**	**175.45**

	Period ended 31st March 2023			
ECL Provision	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**14.19**	**30.46**	**12.48**	**57.13**
Add:- New Assets	44.07	6.60	-	50.67
Less:- Repaid	(14.13)	(30.02)	(6.06)	(50.20)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(5.82)	5.82	-	-
Transfer to Stage 3	(3.18)	(4.45)	7.62	-
Less:- Write off	-	-	-	-
Impact of changes in credit risk on account of stage movements	8.94	4.01	2.52	15.47
Closing carrying amount	**44.07**	**12.43**	**16.57**	**73.07**

Credit Quality of assets

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

As at 31-Mar-2024

Internal Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High Grade	58,522.49	462.94	183.90	**59,169.32**
Medium Grade	3,017.01	270.21	4.42	**3,291.65**
Low Grade	3,553.24	141.98	157.82	**3,853.04**
Total	**65,092.74**	**875.13**	**346.14**	**66,314.01**

As at 31-Mar-2023

Internal Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High Grade	44,948.69	678.23	6.45	45,633.37
Medium Grade	3,008.96	214.22	3.46	3,226.64
Low Grade	1,398.12	350.16	130.49	1,878.78
Total	**49,355.77**	**1,242.62**	**140.40**	**50,738.79**

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

9 Investments	Amortised cost	At Fair Value				
		Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
As at 31-March-2024						
Mutual funds	-	-	-	-	-	-
Total – Gross A	-	-	-	-	-	-
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	-
Total – B	-	-	-	-	-	-
Less: Impairment loss allowance (C)		-	-	-	-	-
Total – Net D =(A)-(C)	-	-	-	-	-	-
As at 31-March-2023						
Mutual funds	-	-	-	-	-	-
Total – Gross A	-	-	-	-	-	-
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	-
Total – B	-	-	-	-	-	-
Less: Impairment loss allowance (C)	-	-	-	-	-	-
Total – Net D =(A)-(C)	-	-	-	-	-	-
As at 01-April-2022						
Mutual funds	-	-	1,101.98	-	1,101.98	1,101.98
Total – Gross A	-	-	**1,101.98**	-	**1,101.98**	**1,101.98**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	-	-	1,101.98	-	1,101.98	1,101.98
Total – B	-	-	**1,101.98**	-	**1,101.98**	**1,101.98**
Less: Impairment loss allowance (C)	-	-	-	-	-	-
Total – Net D =(A)-(C)	-	-	**1,101.98**	-	**1,101.98**	**1,101.98**

Details of Investments in Equity Instruments and Mutual Funds

Name of Mutual Fund	As at 31-March-2024		As at 31-March-2023		As at 01-April-2022	
	Quantity of Shares	Market value	Quantity of Shares	Market value	Quantity of Shares	Market value
L079B SBI Savings Fund-Regular Plan Growth	Nil	Nil	Nil	Nil	17,96,122.71	602.01
LF47RG SBI Magnum Low Duration Fund Regular Growth	Nil	Nil	Nil	Nil	17,560.69	499.97
TOTAL	Nil	Nil	Nil	Nil	**18,13,683**	**1,101.98**

10 Other Financial Assets

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
GST Receivable	75.35	26.72	4.08
Interest accrued :			
Interest accrued on Loan	3,963.25	2,559.89	1,882.30
Interest accrued on Bank deposit	-	0.51	0.10
Interest accrued on Treasury deposit	-	3.37	2.41
Security deposits			
Treasury Deposit	10.25	43.68	43.68
Rental Deposits	387.46	360.41	338.85
Other Security Deposits	5.48	5.46	7.47
Others:			
TDS Refund Due	1.39	1.39	1.39
Fringe Benefit Tax refund due	-	0.14	0.14
Other Receivables	3.80	13.00	13.72
Total	**4,446.99**	**3,014.57**	**2,294.14**

11 Current Tax Asset

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Advance Tax	250.00	82.00	365.00
Other prepaid taxes	493.70	537.50	261.62
Income Tax Refund Due	12.14	24.53	12.01
Total	**755.84**	**644.03**	**638.63**

12 Deferred Tax Assets / (Deferred Tax Liability) (Net)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

	Deferred Tax Assets As at 31-March-2024	Deferred Tax Liabilities As at 31-March-2024	Income Statement 2023-24	OCI 2023-24	Others 2023-24
Depreciation	221.41	-	63.71		-
Impairment allowance for financial assets	-	-	-		-
Remeasurement gain/ (loss) on defined benefit plan	-	4.30	-	(5.33)	-
Provisions	29.68	-	1.15		-
Financial assets measured at amortised cost	-	-	-		-
Other temporary differences	-	-	-		-
Total	**251.09**	**4.30**	**64.86**	**(5.33)**	**-**
Net Deferred tax asset as at 31st March,2024	**246.79**	-			

	Deferred Tax Assets As at 31-March-2023	Deferred Tax Liabilities As at 31-March-2023	Income Statement 2022-23	OCI 2022-23	Others 2022-23
Depreciation	157.70		65.28		-
Impairment allowance for financial assets	-				-
Remeasurement gain/ (loss) on defined benefit plan	1.03			4.03	-
Provisions	28.53		4.21		-
Financial assets measured at amortised cost					-
Other temporary differences					-
Total	**187.26**	-	**69.49**	**4.03**	**-**
Net Deferred tax asset as at 31st March,2023	**187.26**				

	Deferred Tax Assets As at 01-April-2022	Deferred Tax Liabilities As at 01-April-2022
Depreciation	92.42	-
Impairment allowance for financial assets	-	3.00
Remeasurement gain/ (loss) on defined benefit plan	-	-
Provisions	24.32	-
Financial assets measured at amortised cost		
Other temporary differences		
Total	**116.74**	**3.00**
Net Deferred tax asset as at As at 01-April-2022	**113.74**	

MUTHOOT MERCANTILE LIMITED

Notes to the financial statements for the year ended 31-March-24

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

13A

Property, Plant and Equipment

	Land	Strong Room	Furniture and Fixtures	Vehicles	Computer & Accessories	Office&Electrical Equipments	Total
Cost or valuation							
At 1-Apr-2022	4.32	251.82	423.76	186.76	162.30	316.36	1,345.32
Additions	-	41.22	208.27	-	29.26	80.09	358.83
Deletions	-	-	-	-	-	-	-
As at 31-Mar-2023	**4.32**	**293.04**	**632.02**	**186.76**	**191.56**	**396.45**	**1,704.15**
Cost or valuation							
At 1-Apr-2023	4.32	293.04	632.02	186.76	191.56	396.45	1,704.15
Additions	-	44.43	137.82	-	47.41	70.46	300.12
Deletions	-						-
As at 31-March-2024	**4.32**	**337.47**	**769.84**	**186.76**	**238.96**	**466.91**	**2,004.26**
Accumulated Depreciation							
At 1-Apr-2022	-	150.69	267.51	143.51	148.26	211.37	921.34
Charge for the year	-	33.60	88.87	13.37	22.93	44.62	203.39
Deletions	-	-	-	-	-	-	-
As at 31-Mar-2023	**-**	**184.29**	**356.38**	**156.88**	**171.19**	**255.99**	**1,124.73**
Accumulated Depreciation							
At 1-Apr-2023	-	184.29	356.38	156.88	171.19	255.99	1,124.73
Charge for the year	-	36.86	102.28	9.20	38.28	50.91	237.53
Deletions	-	-	-	-	-	-	-
As at 31-March-2024	**-**	**221.14**	**458.67**	**166.08**	**209.46**	**306.91**	**1,362.25**
Net Block							
At 1-Apr-2022	**4.32**	**101.13**	**156.25**	**43.25**	**14.04**	**104.99**	**423.98**
As at 31-Mar-2023	**4.32**	**108.75**	**275.64**	**29.88**	**20.37**	**140.46**	**579.42**
As at 31-March-2024	**4.32**	**116.33**	**311.17**	**20.68**	**29.50**	**160.01**	**642.01**

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

13B Right-of-Use Asset

	Total
Building	
At 1-Apr-2022	**4,291.28**
Additions	**683.91**
Disposals	
As at 31-Mar-2023	4,975.20
Additions	**973.59**
Disposals	
As at 31-March-2024	**5,948.79**
Depreciation	
At 1-Apr-2022	**610.38**
Charge for the year	**536.39**
Disposals	
As at 31-Mar-2023	1,146.76
Charge for the year	**625.63**
Disposals	-
As at 31-March-2024	**1,772.39**
Net Right-of-use asset	
At 1-Apr-2022	**3,680.91**
As at 31-Mar-2023	**3,828.43**
As at 31-March-2024	**4,176.39**

13B Lease Liability

At 1-Apr-2022	**3,792.67**
Additons	**665.49**
Finance cost accrued during the year	**380.89**
Deletions	-
Payment of lease liabilities	**716.39**
As at 31-Mar-2023	**4,122.65**
Additons	**939.65**
Finance cost accrued during the year	**432.51**
Deletions	-
Payment of lease liabilities	**866.84**
As at 31-March-2024	**4,627.97**
Lease Liability	
Particulars	
Less than one year	**6.05**
One to five years	**1,161.42**
More than five years	**3,460.50**
Total	**4,627.97**

14 Intangible Assets

	Computer Software
Cost	
At 1-Apr-2022	84.63
Additions	1.09
Disposals	-
As at 31-Mar-2023	85.72
Additions	1.14
Disposals	-
As at 31-March-2024	86.87
Amortization	
At 1-Apr-2022	84.63
Charge for the year	0.22
Disposals	
As at 31-Mar-2023	84.85
Charge for the year	0.45
Disposals	-
As at 31-March-2024	**85.30**
Net Block	
At 1-Apr-2022	-
As at 31-Mar-2023	**0.87**
As at 31-March-2024	**1.57**

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

15 Other Non-Financial Asset

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Advance for Capital Expenditure	2.80	4.41	15.75
Prepaid Expenses	118.99	11.07	7.94
Other Advances	17.89	5.45	-
Employee Advances	5.61	0.50	-
Total	**145.30**	**21.43**	**23.69**

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

16 Provisions

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Employee Benefits			
- Gratuity	117.92	113.37	96.63
Provision for Taxation	930.86	677.28	614.13
Total	**1,048.78**	**790.64**	**710.76**

17 Other Financial Liabilities

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Interest accrued on Debentures	445.38	363.35	275
Interest accrued on Debentures(Public Issue)	123.38	-	-
Interest accrued on Subordinate Debt	2,277.01	1,682.35	1,045.93
Interest Accrued on PDI	-	-	8.10
Employee Related Payables	172.97	144.88	140.19
Unpaid matured debentures and Interest accrued thereon	3.51	43.52	13.27
Unpaid Subordinate Debt and Interest Accrued thereon	37.16	-	-
Others	99.10	58.37	5.96
Total	**3,158.52**	**2,292.46**	**1,488.71**
Amount to be credited to Investor Education and Protection Fund towards unpaid dividends and unpaid matured debentures and interest on matured debentures	Nil	0.10	2.03

18 Other Non-financial liabilities

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Statutory Dues Payable	91.74	49.30	77.83
Total	**91.74**	**49.30**	**77.83**



Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

19 Trade Payables

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Total outstanding dues of micro enterprises and small enterprises; and	23.95	8.49	17.20
Total outstanding dues of creditors other than micro enterprises and small enterprises.	95.79	17.45	55.35
TOTAL	**119.74**	**25.94**	**72.55**

Trade Payables aging schedule

As at 31-March-2024

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	23.95				23.95
ii) Others	95.79				95.79
iii) Disputed dues-MSME					-
iv) Disputed dues-Others					-

As at 31-March-2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	8.49			-	8.49
ii) Others	17.45			-	17.45
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-Others	-	-	-	-	-

As at 01-April-2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	17.20			-	17.20
ii) Others	55.35			-	55.35
iii) Disputed dues-	-	-	-	-	-
iv) Disputed dues-	-	-	-	-	-

Disclosure:- Micro, Small and Medium Enterprises	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	10.97	4.40	17.20
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil	Nil
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil

Dues to Micro and Small Enterprises have been determined to the extend such parties have been identified on the basis of information collected by the Management.

MUTHOOT MERCANTILE LIMITED

Notes to the Financial Statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

20 Debt Securities

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
At Amortised Cost			
Privately placed redeemable non-convertible debentures (Secured)*	3,759.89	5,130.45	4,482.58
Others - Non-convertible Debentures - Public issue(Secured)**	10,420.49	-	-
Total	**14,180.38**	**5,130.45**	**4,482.58**
Less : Effective Interest Rate Adjustment as per IndAS	129.76	-	-
Total (A)	**14,050.62**	**5,130.45**	**4,482.58**
Debt securities in India	14,050.62	5,130.45	4,482.58
Debt securities outside India	-	-	
Total (B)	**14,050.62**	**5,130.45**	**4,482.58**

Nature of Security

*Secured by a hypothecation of Outstanding gold loan receivables both present and future and all assets to be accrued from the proceeds generated by the private placement of Non Convertible Secured Debentures by the Company.The Company shall maintain a minimum security,which shall not be less than the amount of debentures outstanding at any point of time.

Debentures are offered for a period of 12 months to 96 months.

**First ranking pari passu charge with on all movable assets, including book debts and receivables, cash and bank balances, other moveable assets, loans and advances, both present and future of the company equal to the value of one time of the NCDs outstanding plus interest .

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

20 Debt Securities(contd).

A] Non Convertible Debentures (Secured)

Non Convertible Debentures of ₹1,000/- each. Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

As at 31-Mar-2024

Private Placement

Redeemable at par within	Rate of interest							
	>= 10% < 12%		>= 12% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	59,810	598.10	33,210	332.10	2,200	22.00	95,220	952.20
Due within 2-3 years	47,545	475.45	-		4,875	48.75	52,420	524.20
Due within 1-2 years	1,13,493	1,134.93	-		-	-	1,13,493	1,134.93
Due within 1 year	1,14,856	1,148.56	-		-	-	1,14,856	1,148.56
	-	-	-		-	-	-	-
Grand Total	**3,35,704**	**3,357.04**	**33,210**	**332.10**	**7,075**	**70.75**	**3,75,989**	**3,759.89**

Public Issue

Redeemable at par within	Rate Of Interest							
	<10%		>= 10% < 11%		>=11%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due more than 5 Years	-	-	-	-	1,25,132	1251.32	1,25,132	1,251.32
Due within 4-5 Years	-	-	1,22,579	1,225.79	1,13,477	1,134.77	2,36,056	2,360.56
Due within 3-4 years	-	-	-	-	-	-	-	-
Due within 2-3 years	-	-	2,57,838	2,578.38	-	-	2,57,838	2,578.38
Due within 1-2 years	1,05,042	1,050.42	86,693	866.93	-	-	1,91,735	1,917.35
Due within 1 year	1,43,489	1,434.89	87,799	877.99	-	-	2,31,288	2,312.88
Total	**2,48,531**	**2,485.31**	**5,54,909**	**5,549.09**	**2,38,609**	**2,386.09**	**10,42,049**	**10,420.49**

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

20 Debt Securities(contd).

As at 31-March-2023

Redeemable at par within	Rate of interest							
	>= 10% < 12%		>= 12% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	1,26,225	1,262.25	40,410	404.10	7,975	79.75	1,74,610	1,746.10
Due within 2-3 years	1,69,264	1,692.64	-		-	-	1,69,264	1,692.64
Due within 1-2 years	1,35,293	1,352.93	-		-	-	1,35,293	1,352.93
Due within 1 year	33,878	338.78	-		-	-	33,878	338.78
	-	-	-		-	-	-	-
	-	-	-		-	-	-	-
Grand Total	**4,64,660**	**4,646.60**	**40,410**	**404.10**	**7,975**	**79.75**	**5,13,045**	**5,130.45**

As at 01-April-2022

Redeemable at par within	Rate of interest							
	< 13%		>= 13% < 14%		>= 14%		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 3-4 years	1,69,659	1,696.59	40,910	409.10	9,025	90.25	2,19,594	2,195.94
Due within 2-3 years	1,18,058	1,180.58	-		-	-	1,18,058	1,180.58
Due within 1-2 years	36,948	369.48	-		-	-	36,948	369.48
Due within 1 year	73,658	736.58	-		-	-	73,658	736.58
	-	-	-		-	-	-	-
Grand Total	**3,98,323**	**3,983.23**	**40,910**	**409.10**	**9,025**	**90.25**	**4,48,258**	**4,482.58**

MANGALDAN & ASSOCIATES * CHARTERED ACCOUNTANTS * CHALAKUDY 680 307

MUTHOOT MERCANTILE LIMITED THYCAUD 695014

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

20 Debt Securities(contd).

B] Non Convertible Debentures of `1,000/- each - series-wise classification(Private Placement)

As at 31-Mar-2024

Sl. No.	Series	Date of Allotment	Outstanding	Interest Rate	Tenure(months)
1	174	15-01-2020	42.00	9.25%-15.35%	At par at the end 36-60 months
2	175	10-02-2020	210.15	9%-14.85%	At par at the end 36-90 months
3	176	22-02-2020	143.90	9.25%-20%	At par at the end 36-90 months
4	177	23-03-2020	135.50	9.25%-14.75%	At par at the end 36-84 months
5	178	22-05-2020	122.80	9%-14.29%	At par at the end 24-84 months
6	179	03-07-2020	280.33	10%-13.33%	At par at the end 60-90 months
7	180	12-10-2020	50.75	9%-12.50%	At par at the end 36-96 months
8	181	19-11-2020	298.80	9.25%-13.33%	At par at the end 36-90 months
9	182	07-01-2021	137.50	9.25%-13.33%	At par at the end 36-90 months
10	183	29-06-2021	127.00	8%-13.79%	At par at the end 12-87 months
11	184	11-09-2021	142.00	9.25%-13.79%	At par at the end 36-87 months
12	185	30-11-2021	228.50	9.25%-13.79%	At par at the end 36-87 months
13	186	05-02-2022	59.00	7.25%-10.12%	At par at the end 12-60 months
14	187	12-03-2022	79.30	7.25%-9.6%	At par at the end 12-60 months
15	188	30-03-2022	32.95	7.25%-9.6%	At par at the end 12-60 months
16	189	31-05-2022	105.90	7.25%-9.75%	At par at the end 12-60 months
17	190	08-08-2022	300.60	9%-11%	At par at the end 36-60 months
18	191	05-09-2022	222.00	9%-11%	At par at the end 36-60 months
19	192	13-01-2023	100.00	10.50%	At par at the end 60 months
20	193	18-03-2023	248.00	9.25%-11.75%	At par at the end 18-60 months
21	194	30-03-2023	120.00	9.25%-11.75%	At par at the end 18-60 months
22	195	29-05-2023	239.50	9.25%-10.75%	At par at the end 18-36 months
23	196	03-07-2023	255.41	9%-10.75%	At par at the end 12-36 months
24	197	04-Aug-2023	49.00	9.75%-10%	At par at the end 18-36 months
25	198	02-Sep-2023	29.00	9.75%	At par at the end 36 months
	TOTAL		**3,759.89**		

B] Non Convertible Debentures of `1,000/- each - series-wise classification(Public Issue)

Sl. No.	Series	Date of Allotment	Outstanding	Interest Rate	Tenure(months)
1	I	21-12-2023	564.31	9.50%	367 Days
2	I	21-12-2023	362.72	10.00%	367 Days
3	II	21-12-2023	870.58	NA	367 Days
4	II	21-12-2023	515.27	NA	367 Days
5	III	21-12-2023	353.41	9.65%	18 Months
6	III	21-12-2023	235.61	10.15%	18 Months
7	IV	21-12-2023	344.63	NA	18 Months
8	IV	21-12-2023	260.18	NA	18 Months
9	V	21-12-2023	204.27	9.75%	24 Months
10	V	21-12-2023	254.98	10.25%	24 Months
11	VI	21-12-2023	148.11	NA	24 Months
12	VI	21-12-2023	116.16	NA	24 Months
13	VII	21-12-2023	1,046.72	10.25%	36 Months
14	VII	21-12-2023	881.42	10.75%	36 Months
15	VIII	21-12-2023	381.38	NA	36 Months
16	VIII	21-12-2023	268.86	NA	36 Months
17	IX	21-12-2023	1,188.78	10.50%	60 Months
18	IX	21-12-2023	1,030.72	11.00%	60 Months
19	X	21-12-2023	37.01	NA	60 Months
20	X	21-12-2023	104.05	NA	60 Months
21	XI	21-12-2023	1,251.32	NA	75 Months
			10,420.49		

20 Debt Securities(contd).

B] Non Convertible Debentures of `1,000/- each - series-wise classification(Private Placement)

As at 31-March-2023

Sl. No.	Series	Date of Allotment	Outstanding	Interest Rate	Tenure(months)
1	174	15-01-2020	56.00	9.25%-15.35%	At par at the end 36-60 months
2	175	10-02-2020	227.65	9%-14.85%	At par at the end 36-90 months
3	176	22-02-2020	175.90	9.25%-20%	At par at the end 36-90 months
4	177	23-03-2020	168.50	9.25%-14.75%	At par at the end 36-84 months
5	178	22-05-2020	186.30	9%-14.29%	At par at the end 24-84 months
6	179	03-07-2020	367.74	10%-13.33%	At par at the end 60-90 months
7	180	12-10-2020	216.02	9%-12.50%	At par at the end 36-96 months
8	181	19-11-2020	520.01	9.25%-13.33%	At par at the end 36-90 months
9	182	07-01-2021	226.50	9.25%-13.33%	At par at the end 36-90 months
10	183	29-06-2021	302.13	8%-13.79%	At par at the end 12-87 months
11	184	11-09-2021	222.00	9.25%-13.79%	At par at the end 36-87 months
12	185	30-11-2021	445.00	9.25%-13.79%	At par at the end 36-87 months
13	186	05-02-2022	214.00	7.25%-10.12%	At par at the end 12-60 months
14	187	12-03-2022	141.30	7.25%-9.6%	At par at the end 12-60 months
15	188	30-03-2022	145.45	7.25%-9.6%	At par at the end 12-60 months
16	189	31-05-2022	268.05	7.25%-9.75%	At par at the end 12-60 months
17	190	08-08-2022	432.40	9%-11%	At par at the end 36-60 months
18	191	05-09-2022	385.00	9%-11%	At par at the end 36-60 months
19	192	13-01-2023	100.00	10.50%	At par at the end 60 months
20	193	18-03-2023	248.00	9.25%-11.75%	At par at the end 18-60 months
21	194	30-03-2023	82.50	9.25%-11.75%	At par at the end 18-60 months
	Total		**5,130.45**		

20 Debt Securities(contd).

B] Non Convertible Debentures of `1,000/- each - series-wise classification(Private Placement)

As at 01-April-2022

Sl. No.	Series	Date of Allotment	Outstanding	Interest Rate	Tenure(months)
1	172	29-03-2019	6.50	9.25%-14.3%	At par at the end 36 months
2	173	15-07-2019	292.00	9.25%-18.75%	At par at the end 36 months
3	174	15-01-2020	75.67	9.25%-15.35%	At par at the end 36-60 months
4	175	10-02-2020	302.70	9%-14.85%	At par at the end 36-90 months
5	176	22-02-2020	258.10	9.25%-20%	At par at the end 36-90 months
6	177	23-03-2020	209.80	9.75%-14.75%	At par at the end 36-84 months
7	178	22-05-2020	258.30	9%-14.29%	At par at the end 24-84 months
8	179	03-07-2020	401.74	10%-13.33%	At par at the end 60-90 months
9	180	12-10-2020	229.02	9%-12.50%	At par at the end 36-96 months
10	181	19-11-2020	520.01	9.25%-13.33%	At par at the end 36-90 months
11	182	07-01-2021	279.50	9.25%-13.33%	At par at the end 36-90 months
12	183	29-06-2021	322.13	8%-13.79%	At par at the end 12-87 months
13	184	11-09-2021	222.00	9.25%-13.79%	At par at the end 36-87 months
14	185	30-11-2021	480.50	9.25%-13.79%	At par at the end 36-87 months
15	186	05-02-2022	300.00	7.25%-10.12%	At par at the end 12-60 months
16	187	12-03-2022	185.66	7.25%-9.6%	At par at the end 12-60 months
17	188	30-03-2022	138.95	7.25%-9.6%	At par at the end 12-60 months
	Total		**4,482.58**		

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

21 Borrowings (Other than Debt Securities)

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
At Amortised Cost			
Term Loan			
State Bank of India	8,186.73	11,088.88	5,518.92
Federal Bank	2,041.67	1,125.00	-
South Indian Bank	1,549.56	-	-
Indian Overseas Bank	-		
Karur Vyasa Bank	1,833.33	-	-
Loan repayable on demand	-	-	
From Banks (Cash credit)	-	-	-
State Bank of India	3,458.60	4,087.70	2,443.86
Indian Overseas Bank	912.44	7.87	7.98
Karur Vysya Bank	(4.06)	0.31	35.90
Federal Bank	293.67	15.07	-
From Banks (Overdraft)	-		
Karur Vysya Bank	1,000.00	1,449.59	-
Federal Bank		400.00	-
Loan From Related Parties			-
Perpetual Debt Instrument	-	300.00	300.00
Total	**19,271.94**	**18,474.41**	**8,306.66**
Borrowings in India	19,271.94	18,474.41	8,306.66
Borrowings outside India	-	-	
Total	**19,271.94**	**18,474.41**	**8,306.66**

A] Terms and Conditions of borrowings

Name of the financial Institution	Security	Nature of Loan	Interest Rate	Other Terms
State Bank of India	Primary Security- First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company, on pari-passu basis with the Secured Creditors including debenture trustees and other banks. Hypothecation of Receivables of standard assets should not include receivables of assets which are overdue.Personal guarantee of Mathew Mathaininan, Ammini Mathew, Richi Mathew.Cash collateral of Rs 5.00 Crore secured by lien on term Deposit	Cash Credit	9.65%	On Demand
State Bank of India		Foreign Currency Term Loan	8.50%	13 quarterly installments equivalent to ₹540 lakhs to be paid in foreign currency and balance in the last quarter
State Bank of India		Foreign Currency Term Loan	8.50%	32 monthly installments equivalent to ₹150 lakhs and balance in the last month
Federal Bank	Pari passu first charge by way of hypothecation of entire current assets of the company (present and future) including loan receivables, with secured debentures holders and other banks ii) Personal guarantee of Mathew Mathaininan, Ammini Mathew, Richi Mathew.Collateral Security – Fixed Deposits of ₹500.77 lakhs for all loans with federal bank.	Cash Credit	9.50%	On Demand
Federal Bank		Foreign Currency Term Loan	9.60%	12 equal quarterly installments
Federal Bank		Term Loan		
South Indian Bank	i) Primary Security – Paripassu 1st charge on standard gold receivables with minimum assets cover of 1.33x.Collateral Security – KND Deposits of ₹300 lakhs.Personal guarantee of Mathew Mathaininan, Amini Mathew, Richi Mathew	Term Loan	9.60%	8 equal quarterly installments and balance in the last quarter
Karur Vyasa Bank	i) Primary Security - First pari passu charge on the receivables of the Company including Gold Loan receivables both present and future, and other current assets of the Company with other secured lenders except those specifically charged to any term lenders whether under refinance facility or otherwise (Net of NPA accounts) with a margin of 25%.Collateral of Rs. 600 lakhs of Fixed Deposit with KVB.On Demand Collateral Security - Existing EM charge on commercial vacant land-Personal guarantee of Mathew Mathaininan, Amini Mathew, Richi Mathew.	Cash Credit	9.50%	On Demand
Karur Vyasa Bank		Term Loan	10.00%	12 Quarterly Installments without holiday period
Indian Overseas Bank	First Pari-passu charge on gold loan receivables and current assets of the company along with secured debenture holders and other working capital lenders with minimum security coverage of 1.25. Collateral of FD of Rs 150 lakhs with IOB	Cash Credit	9.95%	On Demand

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Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

21 Borrowings (Other than Debt Securities)

Term Loan (Secured)

Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

As at 31-March-2024

Repayable within	Rate of Interest			
	8.50%	9.60%	10.00%	Total
Due within 3-4 years	100.00	-	-	100.00
Due within 2-3 years	1,320.00	538.90	500.00	2,358.90
Due within 1-2 years	3,366.73	1,338.67	666.67	5,372.06
Due within 1 year	3,400.00	1,713.67	666.67	5,780.33
				-
Grand Total	**8,186.73**	**3,591.23**	**1,833.33**	**13,611.29**

As at 31-March-2023

Repayable within	Rate of Interest		
	9.50%	10.60%	Total
Due within 4-5 years	213.88	-	213.88
Due within 3-4 years	1,120.00	-	1,120.00
Due within 2-3 years	3,450.00	-	3,450.00
Due within 1-2 years	3,400.00	375.00	3,775.00
Due within 1 year	2,905.00	750.00	3,655.00
Grand Total	**11,088.88**	**1,125.00**	**12,213.88**

As at 01-April-2022

Repayable within	Rate of Interest	
	9.50%	Total
Due within 4-5 years	879	878.91
Due within 3-4 years	1,200	1,200.00
Due within 2-3 years	1,200	1,200.00
Due within 1-2 years	1,200	1,200.00
Due within 1 year	1,040	1,040.00
Grand Total	**5,518.91**	**5,518.91**

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22 Subordinate Liabilities

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
At Amortised Cost			
Subordinated debt from Others	20,978.08	20,123.55	15,062.54
Total	**20,978.08**	**20,123.55**	**15,062.54**
Borrowings in India	20,978.08	20,123.55	15,062.54
Borrowings outside India	-	-	
Total	**20,978.08**	**20,123.55**	**15,062.54**

Muthoot Mercantile Limited

Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

22 Subordinate Liabilities(contd.)

B] Subordinated Debts from Others(Unsecured)

Subordinated debts have a face value of ₹ 1,000/- each. Details of rate of interest and maturity pattern as on the date of the balance sheet is as under:

As at 31-Mar-2024

Redeemable at par within	Rate of Interest						Total	
	<10%		>= 10% < 11%		>=11%			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	-	-	1,00,505	1,005.05	29,446	294.46	-	1,300
Due within 3-4 years	80,494	804.94	2,30,599	2,305.99	1,94,898	1,948.98	5,16,551	5,060
Due within 2-3 years	61,770	617.70	2,38,717	2,387.17	51,171	511.71	3,18,655	3,517
Due within 1-2 years	2,08,222	2,082.22	3,22,292	3,222.92	95,205	952.05	5,40,699	6,257
Due within 1 year	48,805	488.05	2,35,348	2,353.48	2,00,336	2,003.36	7,21,903	4,845
Grand Total	**3,99,291**	**3,992.91**	**11,27,461**	**11,274.61**	**5,71,056**	**5,710.56**	**20,97,808**	**20,978.08**

As at 31-Mar-2023

Redeemable at par within	Rate of Interest						Total	
	<10%		>= 10% < 11%		>=11%			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	80,494	804.94	2,30,699	2,306.99	1,94,908.00	1,949.08	5,06,101	5,061.01
Due within 3-4 years	61,770	617.70	2,38,717	2,387.17	51,171.00	511.71	3,51,658	3,516.58
Due within 2-3 years	2,08,222	2,082.22	3,22,292	3,222.92	95,205.00	952.05	6,25,719	6,257.19
Due within 1-2 years	48,805	488.05	2,35,348	2,353.48	2,00,336.00	2,003.36	4,84,489	4,844.89
Due within 1 year	16,825	168.25	-	-	27,563.00	275.63	44,388	443.88
Grand Total	**4,16,116**	**4,161.16**	**10,27,056**	**10,270.56**	**5,69,183.00**	**5,691.83**	**20,12,355.00**	**20,123.55**

As at 01-April-2022

Redeemable at par within	Rate of Interest						Total	
	<10%		>= 10% < 11%		>=11%			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Due within 4-5 years	61,770	617.70	2,38,717	2,387.17	51,171	511.71	3,51,658	3,516.58
Due within 3-4 years	2,08,222	2,082.22	3,22,292	3,222.92	95,205	952.05	6,25,719	6,257.19
Due within 2-3 years	48,805	488.05	2,35,348	2,353.48	2,00,336	2,003.36	4,84,489	4,844.89
Due within 1-2 years	16,825	168.25	-		27,563	275.63	44,388	443.88
Due within 1 year								-
Grand Total	**3,35,622**	**3,356.22**	**7,96,357**	**7,963.57**	**3,74,275**	**3,742.75**	**15,06,254**	**15,062.54**

23 Equity Share Capital

	As at 31-March-2024		As at 31-March-2023		As at 01-April-2022	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised						
5,50,00,000 (Previous Year: 5,50,00,000) equity shares of ₹10/- each	5,50,00,000	5,500.00	5,50,00,000	5,500.00	5,50,00,000	5,500.00
Total	**5,50,00,000**	**5,500.00**	**5,50,00,000**	**5,500.00**	**5,50,00,000.00**	**5,500.00**
Issued and subscribed						
3,64,18,747 (Previous Year: 2,94,18,750) equity shares of ₹10/- each	3,64,18,747	3,641.87	2,94,18,750	2,941.88	2,94,18,750.00	2,941.88
Fully Paid-up						
Equity Shares, ₹ 10/- par value per share	3,64,18,747	3,641.87	2,94,18,750	2,941.88	2,94,18,750	2,941.88
Forfeited Shares	-	-	-	-	-	-
Total	**3,64,18,747**	**3,641.87**	**2,94,18,750**	**2,941.88**	**2,94,18,750**	**2,941.88**

23.1 Reconciliation of the Number of Equity Shares outstanding

The reconciliation of the number of equity shares outstanding and the corresponding amount thereof, as at the Balance Sheet date is set out below:

Equity Shares	As at 31-March-2024		As at 31-March-2023		As at 01-April-2022	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	2,94,18,750	2,941.875	2,94,18,750	2,941.875	2,94,18,750	2,941.875
Add: Issued during the year	69,99,997	700.000	-	-		-
At the end of the year	3,64,18,747	3,641.875	2,94,18,750	2,941.875	2,94,18,750	2,941.875

23.2 Rights, preferences and restrictions in respect of each class of shares

The company has only one class of equity shares having a par value of `10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

23.3 Details of Shareholders holding more than 5% of the equity shares each, are set out below:

Name of the shareholder (Promotor)	As at 31-March-2024		As at 31-March-2023		As at 01-April-2022	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
M. Mathew	1,30,61,100	35.86%	1,05,50,642	35.86%	1,43,67,300	48.84%
Richi Mathew	1,30,07,317	35.72%	1,05,07,198	35.72%	1,05,07,198	35.72%
Reena Verghese	80,48,545	22.10%	65,01,545	22.10%	44,49,681	15.13%
Asha Richi Mathew	21,85,125	6.00%	17,65,125	6.00%	331	0.001%

As per 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 ownership of shares.

23.4 Details of Shares held by promoters at the end of the year

As at 31-Mar-2024

Shares held by promoters at the end of the year			% Change during the year
Promoter name	No. of Shares	% of total shares	
M. Mathew	1,30,61,100	35.864%	0.00%
Ammini Mathew	1,16,241	0.319%	0.00%
Reena Verghese	80,48,545	22.100%	0.00%
Richi Mathew	1,30,07,317	35.716%	0.00%
Asha Richi Mathew	21,85,125	6.000%	0.00%
Total	**3,64,18,328**	**99.999%**	**NIL**

As at 31-Mar-2023

Shares held by promoters at the end of the year			% Change during the year
Promoter name	No. of Shares	% of total shares	
M. Mathew	1,05,50,642	35.864%	-26.56%
Ammini Mathew	93,899	0.319%	NIL
Reena Verghese	65,01,545	22.100%	46.11%
Richi Mathew	1,05,07,198	35.716%	NIL
Asha Richi Mathew	17,65,125	6.000%	533170%
Total	**2,94,18,409**	**99.999%**	**NIL**

As at 01-April-2022

Shares held by promoters at the end of the year			% Change during the year
Promoter name	No. of Shares	% of total shares	
M. Mathew	1,43,67,300	48.8372%	NIL
Ammini Mathew	93,899	0.319%	NIL
Reena Verghese	44,49,681	15.125%	NIL
Richi Mathew	1,05,07,198	35.716%	NIL
Total	**2,94,18,078**	**99.998%**	**NIL**

24 Other Equity

	As at 31-March-2024	As at 31-March-2023
Statutory Reserve (pursuant to Section 45IC of the Reserve Bank of India Act, 1934)		
Opening balance	2,877.87	**2,511.87**
Add: Transfer from retained earnings	505.92	**366.00**
Closing balance	**3,383.78**	**2,877.87**
Capital Redemption Reserve		
Opening balance	2,280.63	**2,280.63**
Closing balance	**2,280.63**	**2,280.63**
Impairment Reserve		
Opening balance	154.06	62.51
Add: Transferred from statement of Profit and loss account	157.86	91.55
Closing balance	**311.92**	**154.06**
Retained Earnings		
Opening balance	5,063.28	3,751.26
Add: Profit for the year	2,519.60	1,769.57
Add: Other Comprehensive Income (net of tax)		-
Add:Income Tax adjustment for Earlier years	-	-
Add/ Less: Appropriations		
Transferred to Statutory Reserve	505.92	366.00
Transferred to Impairment Reserve	157.86	91.55
Total appropriations	**663.78**	**457.55**
Closing balance	**6,919.10**	**5,063.28**
Other Comprehensive Income		
Balance as per last financial statements	**8.87**	**8.93**
Add: Additions during the period	11.77	(0.06)
Net surplus in the statement of profit and loss	**20.64**	**8.87**
Total	**12,916.07**	**10,384.71**

(i) Statutory Reserve:
Transfer of 20% of the profit after tax before re-measurement adjustments on transition to Ind AS, if any, to the statutory reserves in accordance with the provision of Section 45-IC of the RBI Act, 1934 .

The conditions and restrictions for distribution attached to Special Reserve is as follows:
No appropriation of any sum from the reserve fund shall be made by the Company except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal. RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty one days by such further period as it thinks fit or condone any delay in making such report.

(ii) Capital Redemption Reserve:
This reserve created on account of buyback of equity shares during the financial year 2016-17.

(iii) Impairment Reserve:
Where impairment allowance under Ind As 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the differential amount is transferred to impairment reserve. The balance in the impairment reserve shall not be reckoned for regulatory capital.

(iv) Retained Earnings:
This reserve represents the cumulative profits of the Company. This can be utilised in accordance with the provisions of the Companies Act, 2013.

(v) Other comprehensive income:
Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset.

25 Revenue from operations

I)Interest Income:

	For the year ended 31-March-2024			For the year ended 31-March-2023		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss
Interest on Loans	-	12,777.58	-	-	9,310.02	-
Total	**-**	**12,777.58**	**-**	**-**	**9,310.02**	**-**

(II)Fees and Commission Income

	As at 31-March-2024	As at 31-March-2023
Service Charges Received	213.04	108.27
Commission Received	2.38	12.69
Total	**215.42**	**120.96**

26 Other Income

Particulars	As at 31-March-2024	As at 31-March-2023
Interest on Treasury deposit	3.13	1.89
Interest on Fixed deposit with banks	126.18	14.88
Rent Received	18.78	15.68
Gain on sale of mutual fund	8.62	3.41
Interest Income on Lease	14.65	11.38
Miscellaneous Income	13.55	-
Total	**184.91**	**47.24**

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27 Finance Costs

	As at 31-March-2024		As at 31-March-2023	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Interest on Debenture	867.09	-	485.95	-
Interest on Subordinate Debts	2,197.39	-	1,762.94	-
Interest on Bank borrowings	1,549.38	-	987.06	-
Interest on Loan from director	3.96	-	-	-
Interest on Perpetual Debt Instrument	34.28		36.00	-
Interest on shortfall in payment of advance income tax	2.77	-	-	-
Interest on Lease Liability	432.51	-	380.89	-
Effective Interest Rate Written Off	93.92		-	-
Loss on account of exchange rate fluctuation	81.67		11.08	-
Total	**5,262.98**	**-**	**3,663.91**	**-**

28 Employee Benefits Expenses

	As at 31-March-2024	As at 31-March-2023
Salaries and wages	2,507.80	1,984.49
Contribution to provident and other funds	45.13	39.42
Total	**2,552.92**	**2,023.92**

29 Impairment on Financial Instruments (net)

	As at 31-March-2024		As at 31-March-2023	
	On Financial Intruments measured at fair value through OCI	On Financial Instruments measured at Amortised Cost	On Financial Intruments measured at fair value through OCI	On Financial Instruments measured at Amortised Cost
Loans	-	102.33	-	15.94
Total	**-**	**102.38**	**-**	**15.94**

29.1 Impairment on Loans

	As at 31-March-2024		As at 31-March-2023	
	On Financial Intruments measured at fair value through OCI	On Financial Instruments measured at Amortised Cost	On Financial Intruments measured at fair value through OCI	On Financial Instruments measured at Amortised Cost
Provision for Impairment	-	102.38	-	15.94
Total	**-**	**102.38**	**-**	**15.94**

30 Depreciation and amortization expense

	As at 31-March-2024	As at 31-March-2023
Depreciation of tangible assets	237.53	203.39
Depreciation of right-of- use asset	625.63	536.39
Amortization of intangible assets	0.45	0.22
Total	**863.60**	**739.99**





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Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

31 Administrative and Other Expenses

	As at 31-March-2024	As at 31-March-2023
Electricity Charges	64.88	51.80
Rent	67.79	29.82
Rates and taxes	15.87	7.03
Insurance	42.14	17.09
Repairs and maintenance	34.28	33.78
Computer maintenance and services	5.39	4.32
Corporate Social Responsibility Expenditure	45.54	35.24
Advertising and sales promotion	89.29	24.59
Travelling and conveyance	88.02	76.63
Telephone Charges	36.42	35.83
Printing and stationery	51.59	60.90
Office expenses	169.27	123.97
Bank charges	111.46	118.27
Professional charges	185.72	36.80
Refreshment Expenses	2.62	1.05
Donation	0.04	0.02
Lease Line Charges	0.10	
Total	**1,010.44**	**657.13**

31.1 Professional charges include payment to auditors(Exluding GST):

	As at 31-March-2024	As at 31-March-2023
as auditor	3.00	2.40
for taxation matters	1.00	1.00
for company law matters	-	-
for other services	2.52	-
for reimbursement of expenses	-	-
Total	**6.52**	**3.40**

31.2 Corporate Social Responsibility Expenses

	As at 31-March-2024	As at 31-March-2023
Amount required to be spent by the company during the year	45.05	34.95
Amount of expentiture incurred	45.54	35.24
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities	Amount distributed for Covid 19 releif,Post Covid 19 Relief	Amount distributed for Covid 19 releif
Details of related party transactions	NIL	NIL

32 Earnings Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS

		As at 31-March-2024	As at 31-March-2023
Profit after Tax attributable to the Equity Shareholders	**(A)**		
Basic and Diluted		2,519.60	1,769.57
Number of Equity Shares at the beginning of the year		2,94,18,750	2,94,18,750
Number of Equity Shares issued during the year		69,99,997	-
Number of Equity Shares at the end of the year	**(B)**	3,64,18,747	2,94,18,750
Weighted average number of Equity Shares outstanding during the year	**(C)**	3,05,50,256	2,94,18,750
Nominal Value of each Equity Share (₹)		10	10
Basic Earnings per Share (₹)	**(A/B)**	**8.25**	**6.02**
Diluted Earnings per Share (₹)	**(A/C)**	**8.25**	**6.02**

33 Contingent Liabilities and Commitments (To the extent not provided for)

	As at 31-March-2024	As at 31-March-2023
Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts:		
-Demand from Income Tax Department- TDS Default#	9.69	4.74
(b) Guarantees excluding financial guarantees; and	-	-
(c) Other money for which the company is contingently liable.	-	-
Total	**9.69**	**4.74**
Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for;	4.20	12.21
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other Commitments	-	-

#The Income Tax Department raised demand of ₹ 9,69,280.62/- on account of TDS default for the financial years 2007-08 to 2023-24. This happens due to clerical error in quarterly TDS return and the company proposes to revise the return to abolish errors. Since the company doesn't expect any liability after revising the return, no provision has been made in the books of accounts of the company.

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34 Income Tax

The components of income tax expense for the year ended 31 March 2024 and year ended 31 March 2023 are:

	For the year ended 31-March-2024	For the year ended 31-March-2023
Current tax	930.86	677.28
Adjustment in respect of current income tax of prior years	-	(0.03)
Deferred tax relating to origination and reversal of temporary differences	(64.86)	(69.49)
Total tax charge	**866.00**	**607.75**
Current tax	930.86	677.24
Deferred tax	(64.86)	(69.49)

Reconciliation of Income tax expense:

	For the year ended 31-March-2024		For the year ended 31-March-2023	
Accounting profit before tax as per Ind AS		3,385.60		2,377.32
Add/(Less) : Ind AS Adjustments on PBT				
Accounting profit before tax for IT Computation		**3,385.60**		**2,377.32**
Allowances / Disallowances and other adjustments (Net)		312.97		223.01
Adjusted profit / (Loss) before tax for Income Tax		**3,698.57**		**2,600.33**
Current Tax as per Books				
Tax at Normal Rate (Effective rate of 25.17%, March 2023: 25.17%)	930.86		677.28	
Adjustment of prior year tax / MAT Credit	-			
Total Tax as given in Books		930.86		677.28
All India Statutory income tax rate of 25.17%, March 2023: 25.17%)		**930.86**		**677.28**

35 Retirement Benefit Plan

Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹4,95,494/- (Previous Year: ₹3,79,977/-)(Preceeding previous year-₹ 3,83,073/-) for Employee State Insurance Scheme contributions and ₹40,17,471/-(Previous Year: ₹35,62,323/-)(Preceeding Previous year : ₹ 31,31,912/-) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

i) Gratuity

Actuarial assumptions	*As at 31-March-2024*	*As at 31-March-2023*	*As at 01-April-2022*
Mortality table	IALM 2012-14 Ult	IALM 2012-14 Ult	IALM 2012-14 Ult
Superannuation age	58 Years	58 Years	58 Years
Early retirement and disablement	None	None	None
Discount rate	7.20%	7.50%	6.10%
Inflation rate	7%	7%	7.00%
Return on asset	N/A	N/A	N/A
Remaining working life	4.9	4.9	4.9
Formula used	Projected unit credit Method with control period of one year	Projected unit credit Method with control period of one year	Projected unit credit Method with control period of one year

Reconciliation of PBO	*As at 31-March-2024*	*As at 31-March-2023*	*As at 01-April-2022*
Projected Benefit Obligation at Beginning of Year	113.37	96.63	103.02
Current Service Cost	24.14	22.59	15.54
Interest Cost	10.31	7.27	7.23
Contributions by plan participants	-	-	-
Actuarial (Gain)/Loss due to change in assumptions and experience deviation	(17.10)	4.09	(11.93)
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency	-	-	0.00
Benefits Paid	(12.80)	(17.22)	(17.23)
Past service cost	-	-	
Amalgamations	-	-	
Curtailments	-	-	
Settlements	-	-	
Projected Benefit Obligation at End of Year	117.92	113.37	96.63

Changes in fair value of plan assets
Not applicable as scheme is unfunded

Funded status
Not applicable as scheme is unfunded

35 Retirement Benefit Plan (Contd.)

Amount to be Recognised in Balancesheet:	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Projected Benefit Obligation at End or year	117.92	113.37	96.63
Ending Asset	-	-	-
Funded Status asset / (liability)	(117.92)	(113.37)	(96.63)
Unrecognised past service cost - non vested benefits (-)	-	-	-
Liability(-)/Asset(+) recognised in Balance Sheet	(117.92)	(113.37)	(96.63)

Statement of Profit/Loss	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Current service cost	24.14	22.59	15.54
Interest cost	10.31	7.27	7.23
Expected return of plan asset	-	-	-
Curtailment cost	-	-	-
Net actuarial (gain)/loss to be recognised in year	-	-	-
Past Service Cost Recognised	-	-	-
Effect of Curtailments	-	-	-
Income (-)/Expense(+) recognised in the statement of P&L	34.45	29.87	22.77
Current Liability	21.86	26.90	23.02
Non-Current Liability	96.06	86.46	73.61

Further Reconciliation	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Expenses As above	34.45	29.87	22.77
Less ER Contribution/Direct benefits paid	(12.80)	(17.22)	(17.23)
Less included in OCI	(17.10)	4.09	(11.93)
Balance to be recognised in P&L	4.55	16.74	(6.39)
Increase in Funded Status	(4.55)	(16.74)	6.39
Acturial gain/(loss) due to assumption changes	(1.79)	8.17	-
Experience adjustments[Gain/(Loss)]:Liability	18.89	-12.26	11.93
Total Acturial gain/(loss) : liability	17.10	(4.09)	11.93
Asset gain / (loss)	-	-	-
Total gain / (loss)	17.10	(4.09)	11.93

Amounts recognised in Other Comprehensive Income	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Actuaial gain /(loss) due to assumption changes	(1.79)	8.17	-
Experience adjustments[Gain/(Loss)]:Liability	18.89	(12.26)	11.93
Total Acturial gain/(loss) on liability side	17.10	(4.09)	11.93
Asset gain / (loss)	-	-	-
Total to be recognised in OCI for the year	17.10	(4.09)	11.93
Total b/f balance [gains/(loss)]	7.84	11.93	-
Total recognised in OCI at EoY	24.94	7.84	11.93

35 Retirement Benefit Plan (Contd.)

Sensitivity Analysis (Proj.Ben. Obligations)	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Current year basis	117.92	113.37	96.63
Last years basis	116.13	121.54	96.63
Discount rate increased by 0.25%	116.43	112.02	95.45
Discount rate decreased by 0.25%	119.45	114.75	97.84
Salary Escalation rate increased by2%	129.87	124.07	105.94
Salary Escalation rate decreased by2%	107.70	104.19	88.66
Employee Turnover rate increased by2%	113.38	109.71	93.92
Employee Turnover rate decreased by2%	123.00	117.43	99.85

Categories of Plan Assets	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Government of India Securities	0%	0%	0%
High quality corporate bonds	0%	0%	0%
Equity shares of listed companies	0%	0%	0%
Property	0%	0%	0%
Funds managed by Insurer	0%	0%	0%

Details of experience adjustment on plan assets and liabilities	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
F Y 2025	21.86	26.90	23.02
F Y 2026	11.91	10.66	10.15
F Y 2027	11.82	11.85	8.33
F Y 2028	12.30	12.00	9.21
F Y 2029	16.08	11.56	9.67
FY 2030-2034	61.32	59.17	45.26

36 Maturity analysis of Assets and Liabilities :

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31-March-2024			As at 31-March-2023			As at 01-April-2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial Assets									
Cash and Cash Equivalents	1,066.27	-	**1,066.27**	4,553.56	-	**4,553.56**	**3,464.19**		**3,464.19**
Bank Balance other than above	2,285.62	-	**2,285.62**	840.69		**840.69**	**15.31**		**15.31**
Loans	66,138.56	-	**66,138.56**	50,665.72	-	**50,665.72**	**33,794.80**		**33,794.80**
Investments	-	-	-	-	-	-	**1,101.98**		**1,101.98**
Other Financial Assets	4,446.99	-	**4,446.99**	3,014.57	-	**3,014.57**	**2,294.14**		**2,294.14**
Total (A)	**73,937.44**	-	73,937.44	**59,074.54**	-	**59,074.54**	**40,670.42**	-	**40,670.42**
Non-Financial Assets									
Current tax assets (net)		755.84	**755.84**		644.03	**644.03**		**638.63**	**638.63**
Deferred Tax Assets (Net)	-	246.79	**246.79**	-	187.26	**187.26**		**113.74**	**113.74**
Property, Plant and Equipment	-	642.01	**642.01**	-	579.42	**579.42**		**423.98**	**423.98**
Right-of-Use Asset		4,176.39	**4,176.39**	-	3,828.43	**3,828.43**		**3,680.91**	**3,680.91**
Other Intangible Assets	-	1.57	**1.57**	-	0.87	**0.87**		-	-
Other Non-Financial Assets	145.30	-	**145.30**	21.43	-	**21.43**		**23.69**	**23.69**
Total (B)	**145.30**	**5,066.76**	5,967.89	**21.43**	**4,595.99**	**5,261.45**	-	**4,880.94**	**4,880.94**
Total Assets (A+B)	**74,082.73**	**5,066.76**	79,905.33	**59,095.98**	**4,595.99**	**64,336.00**	**40,670.42**	**4,880.94**	**45,551.36**
Liabilities									
Financial Liabilities									
Trade Payables									
(A) total outstanding dues of micro enterprises and small enterprises; and	23.95	-	**23.95**	8.49	-	**8.49**	17.20		17.20
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	95.79	-	95.79	17.45	-	**17.45**	55.35		55.35
Debt Securities	3,331.68	10,718.94	**14,050.62**	338.78	4,791.67	**5,130.45**	736.58	3,746.00	**4,482.58**
Borrowings	5,660.65	13,611.29	**19,271.94**	9,615.54	8,858.88	**18,474.41**	3,527.74	4,778.92	**8,306.66**
Subordinate Liabilities	4,844.89	16,133.19	**20,978.08**	443.88	19,679.67	**20,123.55**	-	15,062.54	**15,062.54**
Lease Liability	6.05	4,621.92	**4,627.97**	-	4,122.65	**4,122.65**	1.00	3,791.67	**3,792.67**
Other Financial Liabilities	1202.91	1,955.61	**3,158.52**	394.50	1,897.96	**2,292.46**	266.32	1,222.39	**1,488.71**
Total (C)	**15,165.92**	**47,040.95**	62,206.87	**10,818.64**	**39,350.83**	**50,169.47**	**4,604.19**	**28,601.52**	**33,205.71**
Non-Financial Liabilities									
Provisions	930.86	117.92	**1,048.78**	677.28	113.37	**790.64**	614.13	96.63	**710.76**
Other Non-Financial Liabilities	91.74	-	91.74	49.30	-	**49.30**	**77.83**		**77.83**
Total (D)	**1,022.59**	**117.92**	1,140.51	**726.58**	**113.37**	**839.95**	**691.96**	**96.63**	**788.59**
Total Liabilities (C+D)	**16,188.51**	**47,158.87**	63,347.38	**11,545.21**	**39,464.20**	**51,009.42**	**5,296.15**	**28,698.15**	**33,994.30**
Net	**57,894.22**	**(42,092.11)**	16,557.95	**47,550.76**	**(34,868.21)**	**13,326.58**	**35,374.28**	**-23,817.21**	**11,557.07**

37 Changes in Liabilities arising from Financing Activities

Particulars	As at 31-March-2023	Cash Flows	Other	As at 31-March-2024
Debt Securities	5,130.45	8,920.17	-	14,050.62
Borrowings (Other than Debt Securities)	18,474.41	797.52	-	19,271.94
Subordinate Liabilities	20,123.55	854.53	-	20,978.08
Total	**43,728.41**	**10,572.22**	-	**54,300.64**

Particulars	As at 01-April-2022	Cash Flows	Other	As at 31-March-2023
Debt Securities	4,482.58	647.87	-	5,130.45
Borrowings (Other than Debt Securities)	8,306.66	10,167.75	-	18,474.41
Subordinate Liabilities	15,062.54	5,061.01	-	20,123.55
Total	**27,851.78**	**15,876.63**	-	**43,728.41**

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38 Related Parties Disclosures

Name of related parties

Associates/Enterprises owned or significantly influenced by key management personnel/ Director or their relatives	Muthoot Computer Software Development and Research Institute Private Limited Richi Mathew Software Technologies Limited Richi Mathew Securities Limited Muthoot Mercantile Nidhi Limited Muthoot Syndicate Nidhi Limited Muthoot M Ninan Memorial Charitable Society Muthoot Mrs. Accama Ninan Memorial Charitable Society
Key Management Personnel/ Director or their relatives	Richi Mathew (Managing Director) M Mathew (Chairman and Wholetime Director) Ammini Mathew(Wholetime Director) Asha Richi Mathew (Director) Justin D(Director - independent and non executive) Antony Robert John(Director -independent and non executive) Neelakandan Madaswamy(Independent Director-Resigned on 31-03-2023) Reena Verghese(Director resigned on 8-08-2022) Chandrasekharan Nair(Independent Director-Resigned on 3-10-2022) Aswathy Pradeep (Company Secretary-Resigned on 30-11-2022) Neethu C Biju (Company Secretary) M R Rajeev (Chief Financial Officer) Nikita Elisabeth Verghese (Daughter of Reena Verghese-relative of M Mathew)) Giselle Richi (Daughter of Richi Mathew) Gabriela Ninan Richi (Daughter of Richi Mathew) Nimisha Elisabeth Verghese (Daughter of Reena Verghese- relative of M Mathew))

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38 Related Parties Disclosures (Cont'd)

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives			Key Management Personnel/Director or their relatives			Total		
	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22
Expenses recorded in the books:									
Rent									
M Mathew	-	-		9.42	9.00	9.00	**9.42**	**9.00**	**9.00**
Ammini Mathew	-	-		9.42	9.00	9.00	**9.42**	**9.00**	**9.00**
Muthoot Syndicate Nidhi Limited	31.948						**31.95**		
Other Expenses Allocation	-				-	-			
Muthoot Syndicate Nidhi Limited	119.75						**119.75**		
Remuneration									
M.Mathew				24.00	20.00		**24.00**	**20.00**	-
Richi Mathew	-	-		75.00	60.00	30.00	**75.00**	**60.00**	**30.00**
Ammini Mathew	-	-		24.00	24.00	24.00	**24.00**	**24.00**	**24.00**
Asha Richi Mathew	-	-		12.00	10.00	-	**12.00**	**10.00**	-
Aswathy Pradeep	-	-		-	5.29	6.45	-	**5.29**	**6.45**
M R Rajeev	-	-		22.17	16.15	11.15	**22.17**	**16.15**	**11.15**
Neethu C Biju				6.91	1.71	-	**6.91**	**1.71**	-
Commission									
M Mathew				69.61	-	-	**69.61**	-	-
Richi Mathew				69.61	-	-	**69.61**	-	-
Director's Sitting Fee									
M.Mathew	-	-	-	1.15	0.70	-	**1.15**	**0.70**	-
Richi Mathew	-	-	-	1.15	0.40	-	**1.15**	**0.40**	-
Asha Richi Mathew	-	-	-	1.15	0.60	-	**1.15**	**0.60**	-
Ammini Mathew	-	-	-	1.15	0.70	-	**1.15**	**0.70**	-
Neelakandan Madaswamy	-	-	-	-	0.70	-	-	**0.70**	-
Dillark Justin	-	-	-	0.85	0.10	-	**0.85**	**0.10**	-
Reena Verghese	-	-	-	-	0.20	-	-	**0.20**	-
Antony Robert John			-	0.85	-	-	**0.85**	-	-
Gratuity Paid									
Richi Mathew	-	-	-	-	19.80	-	-	**19.80**	-
Interest on Perpetual Debt Instrument									
M Mathew	-	-	-	34.28	36.00	36.00	**34.28**	**36.00**	**36.00**
Interest paid on Loan from Directors									
M Mathew	-	-		3.62	-	2.47	**3.62**	-	**2.47**
Ammini Mathew	-	-	-	0.34	-		**0.34**	-	-

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38 Related Parties Disclosures (Cont'd)

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives			Key Management Personnel/Director or their relatives			Total		
	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22
Interest paid on Debentures									
Nikita Elizabeth Verghese	-	-		0.46	0.47	0.52	**0.46**	**0.47**	**0.52**
Asha Richi Mathew	-	-		2.30	2.28	1.79	**2.30**	**2.28**	**1.79**
M Mathew				0.02			**0.02**		
Interest paid on Subordinate Debts									
Nikita Elizabeth Verghese	-	-	-	4.03	4.03	4.03	**4.03**	**4.03**	**4.03**
Giselle Richi	-	-	-	1.41	1.41	1.29	**1.41**	**1.41**	**1.29**
Asha Richi Mathew	-	-	-	0.19	0.44	0.46	**0.19**	**0.44**	**0.46**
Reena Verghese	-	-	-	1.34	3.14	3.76	**1.34**	**3.14**	**3.76**
M Mathew	-	-	-	13.65	3.88	1.35	**13.65**	**3.88**	**1.35**
Ammini Mathew			-	4.14	1.21	-	**4.14**		**-**
Gabriela Ninan Richi	-	-	-	1.16	0.55	0.55	**1.16**	**0.55**	**0.55**
Nimisha Elizabeth Verghese	-	-	-	4.29	4.27	4.27	**4.29**	**4.27**	**4.27**
Richi Mathew			-	0.60	-		**0.60**	-	**-**
Income recorded in the books:					-				
Rental Income									
Muthoot Syndicate Nidhi Limited	16.71	15.68	15.44	-	-		**16.71**	**15.68**	**15.44**
Muthoot Mercantile Nidhi Limited	2.07	-	-	-	-		**2.07**	-	**-**
									-
Balance outstanding as at the period end:									
Loan from Director									
M Mathew									
Balance outstanding at the beginning	-	-	-	-	-	167.38	-	-	**167.38**
Amount Accepted	-	-	-	145.00	-	12.50	**145.00**	-	**12.50**
Amount Repaid	-	-	-	145.00	-	179.88	**145.00**	-	**179.88**
Balance outstanding at the year end	-	-	-	-	-	-	-	-	**-**
Ammini Mathew									
Balance outstanding at the beginning	-	-	-		-	-	-	-	**-**
Amount Accepted	-	-	-	10.00	-	-	**10.00**	-	**-**
Amount Repaid	-	-	-	10.00	-	-	**10.00**	-	**-**
Balance outstanding at the year end	-				-	-	-	-	**-**
Debenture									
Nikita Elizabeth Verghese									
Balance outstanding at the beginning	-	-	-	5.10	6.50	16.50	**5.10**	**6.50**	**16.50**
Amount Accepted	-	-	-		5.10	-	-	**5.10**	**-**
Amount Repaid	-	-	-		6.50	10.00	-	**6.50**	**10.00**
Balance outstanding at the year end	-	-	-	5.10	5.10	6.50	**5.10**	**5.10**	**6.50**

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38 Related Parties Disclosures (Cont'd)

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives			Key Management Personnel/Director or their relatives			Total		
	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22
Asha Richi Mathew									
Balance outstanding at the beginning	-	-	-	17.15	17.15	24.15	**17.15**	**17.15**	**24.15**
Amount Accepted	-	-	-	-	-	-	-	-	-
Amount Repaid	-	-	-			7.00	-	-	**7.00**
Balance outstanding at the year end	-	-	-	17.15	17.15	17.15	**17.15**	**17.15**	**17.15**
M Mathew									
Balance outstanding at the beginning	-	-	-	-	-	-	-		-
Amount Accepted	-	-	-	9.50		-	**9.50**	-	-
Amount Repaid	-	-	-	2.50	-	-	**2.50**	-	-
Balance outstanding at the year end	-	-	-	7.00	-	-	**7.00**	-	-
Subordinate Debts									
Nikita Elizabeth Verghese									
Balance outstanding at the beginning	-	-	-	35.59	35.59	35.59	**35.59**	**35.59**	**35.59**
Amount Accepted	-	-	-	-		-	-	-	-
Amount Repaid	-	-	-	1.49	-	-	**1.49**	-	-
Balance outstanding at the year end	-	-	-	34.10	35.59	35.59	**34.10**	**35.59**	**35.59**
Giselle Richi									
Balance outstanding at the beginning	-	-	-	12.95	12.95	9.80	**12.95**	**12.95**	**9.80**
Amount Accepted	-	-	-		-	3.15	-	-	**3.15**
Amount Repaid	-	-	-	0.50	-		**0.50**	-	-
Balance outstanding at the year end	-	-	-	12.45	12.95	12.95	**12.45**	**12.95**	**12.95**
Asha Richi Mathew									
Balance outstanding at the beginning	-	-	-	2.00	10.50	5.60	**2.00**	**10.50**	**5.60**
Amount Accepted	-	-	-		-	10.50	-	-	**10.50**
Amount Repaid	-	-	-		8.50	5.60	-	**8.50**	**5.60**
Balance outstanding at the year end	-	-	-	2.00	2.00	10.50	**2.00**	**2.00**	**10.50**
Reena Verghese									
Balance outstanding at the beginning	-	-	-	15.12	33.67	30.77	**15.12**	**33.67**	**30.77**
Amount Accepted	-	-	-		-	2.90	-	-	**2.90**
Amount Repaid	-	-	-	4.75	18.55		**4.75**	**18.55**	-
Balance outstanding at the year end	-	-	-	10.37	15.12	33.67	**10.37**	**15.12**	**33.67**
Gabriela Ninan Richi									
Balance outstanding at the beginning	-	-	-	10.00	5.00	5.00	**10.00**	**5.00**	**5.00**
Amount Accepted	-	-	-		5.00		-	**5.00**	-
Amount Repaid	-	-	-	-	-		-	-	-
Balance outstanding at the year end	-	-	-	10.00	10.00	5.00	**10.00**	**10.00**	**5.00**

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38 Related Parties Disclosures (Cont'd)

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or their relatives			Key Management Personnel/Director or their relatives			Total		
	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22
M Mathew									
Balance outstanding at the beginning	-	-	-	42.33	9.90	43.77	**42.33**	**9.90**	**43.77**
Amount Accepted	-	-	-	464.93	32.43	52.50	**464.93**	**32.43**	**52.50**
Amount Repaid	-	-	-	5.50		86.37	**5.50**	**-**	**86.37**
Balance outstanding at the year end	-	-	-	501.76	42.33	9.90	**501.76**	**42.33**	**9.90**
Nimisha Elizabeth Verghese									
Balance outstanding at the beginning	-	-	-	38.95	38.95	38.95	**38.95**	**38.95**	**38.95**
Amount Accepted	-	-	-	-	-		-	-	-
Amount Repaid	-	-	-	-	-		-	-	-
Balance outstanding at the year end	-	-	-	38.95	38.95	38.95	**38.95**	**38.95**	**38.95**
Ammini Mathew									
Balance outstanding at the beginning	-	-	-	23.45	-	-	**23.45**	**-**	**-**
Amount Accepted	-	-	-	27.40	23.45	-	**27.40**	**23.45**	**-**
Amount Repaid	-	-	-	7.00	-	-	**7.00**	**-**	**-**
Balance outstanding at the year end	-	-	-	43.85	23.45	-	**43.85**	**23.45**	**-**
Richi Mathew									
Balance outstanding at the beginning	-	-	-	-	-	-	-	-	-
Amount Accepted	-	-	-	15.00	-	-	**15.00**	**-**	**-**
Amount Repaid	-	-	-	-	-	-	-	-	-
Balance outstanding at the year end	-	-	-	15.00	-	-	**15.00**	**-**	**-**
Perpetual Debt Instrument									
M Mathew									
Balance outstanding at the beginning				300.00	300.00	300.00	**300.00**	**300.00**	**300.00**
Amount Accepted						-	-	-	-
Amount Repaid				300.00			**300.00**	**-**	**-**
Balance outstanding at the year end				-	300.00	300.00	-	**300.00**	**300.00**
Rental Deposits Paid									
M Mathew & Ammini Mathew	-	-		150.00	150.00	150.00	**150.00**	**150.00**	
Interest Payable on Debenture									
Nikita Elizabeth Verghese	-	-		0.85	0.39	1.94	**0.85**	**0.39**	**1.94**
Asha Richi Mathew	-	-		7.77	5.48	3.20	**7.77**	**5.48**	**3.20**
M Mathew				0.19	-	-	**0.19**		
Interest Payable on Perpetual Debt Instrument									
M Mathew	-	-		-		8.10	-	-	**8.10**

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Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

38 Related Parties Disclosures (Cont'd)

Particulars	Associates / Enterprises owned or significantly influenced by key management personnel/Director or			Key Management Personnel/Director or their relatives			Total		
	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22	31-Mar-24	31-Mar-23	01-Apr-22
Interest Payable on Subordinate Debts									
Nikita Elizabeth Verghese	-	-		15.07	11.92	7.90	**15.07**	**11.92**	**7.90**
Giselle Richi	-	-		4.43	3.31	1.90	**4.43**	**3.31**	**1.90**
Asha Richi Mathew	-	-		0.05	0.04	0.29	**0.05**	**0.04**	**0.29**
Reena Verghese	-	-		4.58	4.78	6.60	**4.58**	**4.78**	**6.60**
M Mathew	-	-		12.14	3.31	0.51	**12.14**	**3.31**	**0.51**
Ammini Mathew				3.99	0.90	-	**3.99**	**0.90**	**-**
Nimisha Elizabeth Verghese	-	-		16.15	11.87	7.60	**16.15**	**11.87**	**7.60**
Gabriela Ninan Richi	-	-		2.31	1.15	0.60	**2.31**	**1.15**	**0.60**
Richi Mathew				0.35	-		**0.35**	**-**	**-**
Rent Payable				-	-				
M Mathew (Including GST)	-	-		**1.26**	-	0.81	**1.26**	**-**	**0.81**
Ammini Mathew	-	-		**1.09**	-	0.68	**1.09**	**-**	**0.68**
Remuneration Payable									
M Mathew				1.40		-	**1.40**		**-**
Ammini Mathew	-	-		1.40	-	1.40	**1.40**	**-**	**1.40**
Asha Richi Mathew	-	-		0.90	-	-	**0.90**	**-**	**-**
M R Rajeev	-	-		1.28	-	1.16	**1.28**	**-**	**1.16**
Neethu C Biju				0.56		-	**0.56**		**-**
Richi Mathew						1.75			**1.75**
Aswathy Pradeep						0.61			**0.61**
Rent Receivable (Including GST)									
Muthoot Syndicate Nidhi Limited	-	1.38	1.41	-	-		**-**	**1.38**	**1.41**
Common Expenses Payable									
Muthoot Syndicate Nidhi Limited	60.41	-	-				**60.41**	**-**	**-**
Director'S Siiting fee Payable									
Richi Mathew				0.31	-	-	**0.31**		**-**
Asha Richi Mathew	-	-		0.31	0.20	-	**0.31**	**0.20**	**-**
Ammini Mathew	-	-		0.31	0.20	-	**0.31**	**0.20**	**-**
M Mathew	-	-		0.31	0.20	-	**0.31**	**0.20**	**-**
Neelakandan Madaswamy	-	-		-	0.20	-	**-**	**0.20**	**-**
Antony Robert John				0.12	-	-	**0.12**		**-**
Dillark Justin	-	-		0.42	0.10	-	**0.42**	**0.10**	**-**

Note:

a) The remuneration to the key managerial personnel does not include the provisions made for gratuity, as they are determined on acturial basis for the company as a whole.

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39 Draw Down From Reserves

Details of Draw down from reserves, if any, are provided in Statement of Changes in Equity to these financial statements.

40 Additional Disclosures

a) As Required by the Reserve Bank of India

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
Total Gold loan portfolio	64,659.27	49,469.77	33,255.80
Total Assets	79,905.33	64,336.00	45,551.36
Gold loan portfolio as a percentage of total assets	**80.92%**	**76.89%**	**73.01%**

Particulars	As at 31-March-2024	As at 31-March-2023
a)Capital to risk-weighted assets ratio (CRAR)		
b)CRAR - Tier I Capital (%)	20.87%	22.69%
c)CRAR - Tier II Capital (%)	8.95%	11.35%
d)Liquidity Coverage Ratio:	3.99	3.85
Current Ratio	4.58	5.12
Quick Ratio	4.57	5.12
Cash Ratio	0.07	0.28
e)Amount of subordinated debt raised as Tier-II capital	20,978.08	20,123.55
f)Amount raised by issue of Perpectual Debt Instruments	-	300

i) Investments

Particulars			As at 31-March-2024	As at 31-March-2023
(1)	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	Nil	Nil
		(b) Outside India	Nil	Nil
	(ii)	Provisions for Depreciation		
		(a) In India	Nil	-
		(b) Outside India	Nil	-
	(iii)	Net Value of Investments		
		(a) In India	Nil	Nil
		(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

ii) Derivatives

a) Forward Rate Agreement / Interest Rate Swap

Sl. No.	Particulars	As at 31-March-2024	As at 31-March-2023
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the applicable NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

b) Exchange Traded Interest Rate (IR) Derivatives

Sl. No.	Particulars	As at 31-March-2024	As at 31-March-2023
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2024 (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

40 Additional Disclosures (Contd.)

c) Disclosures on Risk Exposure in Derivatives

Sl. No.	Particulars	As at 31-March-2024		As at 31-March-2023	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For Hedging	Nil	Nil	Nil	Nil
(ii)	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
(iii)	Credit Exposure	Nil	Nil	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil	Nil	Nil

iii) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at 31-March-2024

	1 to 7 days	8 to 14 days	15 days to 30/31 days	over 1 month upto 2 month	over 2 months upto 3 months	Over 3 month upto 6 month	Over 6 month & upto 1 year	Over 1 year & 3 year	Over 3 years & upto 5 years	Over 5 Years	Total
Debentures	-	-	-	-	12.00	509.91	2,939.53	6,169.86	3,297.76	1,251.32	14,180.38
Advances	2,983.57	2,983.57	5,967.14	3,626.15	3,588.30	14,129.21	33,036.08	-	-	-	66,314.01
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	206.00	633.00	700.00	1,539.00	8,363.65	7,630.29	200.00	-	19,271.94
Subordinate -Debt	89.30	129.42	142.94	-	-	1,164.63	3,318.60	9,773.77	6,359.42	-	20,978.08
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at 31-March-2023

	1 to 7 days	8 to 14 days	15 days to 30/31 days	over 1 month upto 2 month	over 2 months upto 3 months	Over 3 month upto 6 month	Over 6 month & upto 1 year	Over 1 year & 3 year	Over 3 years & upto 5 years	Over 5 Years	Total
Debentures				35.30		90.77	205.71	3,045.57	1,426.95	326.15	5,130.45
Advances	6,282.28	595.44	1,442.08	2,458.64	2,829.37	8,880.70	28,250.28				50,738.79
Investments											-
Borrowings				1,709.58	327.50	1,392.50	6,485.95	7,238.88	1,320.00		18,474.41
Subordinate -Debt							439.08	11,102.08	8,582.39		20,123.55
Foreign currency assets											-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

iv) Exposures

a) Exposure to Real Estate Sector

Category			As at 31-March-2024	As at 31-March-2023
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 shall include non-fund based limits	Nil	Nil
	iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures - a. Residential	Nil	Nil
		b. Commercial Real Estate	Nil	Nil
Total Exposure to Real Estate Sector				

40 Additional Disclosures (Contd.)

b) Exposure to Capital Market

Particulars		As at 31-March-2024	As at 31-March-2023
(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	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 equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv)	advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		Nil	Nil

c) Unsecured Advances

	As at 31-March-2024		As at 31-March-2023	
Type of Borrower	**Loan Amount**	**Loan Outstanding**	**Loan Amount**	**Loan Outstanding**
Other than Related Party	1,692.62	1,654.74	1,289.47	1,269.02
Related Party	Nil	Nil	Nil	Nil

v) Miscellaneous

a) Disclosure of penalties imposed by RBI and other regulators - NIL

b) Ratings assigned by credit rating agencies and migration of ratings during the year

	As at 31-March-2024		As at 31-March-2023	
Instrument / Facility	**Amount (Rs. Crore)**	**Ratings**	**Amount (Rs. Crore)**	**Ratings**
Proposed Non-Convertible Debentures (NCDs)	200.00	INDBBB/Stable	Nil	Nil
Long Term Bank Loans	150.00	INDBBB/Stable	150.00	INDBBB/Stable

vi) Additional Disclosures

a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in Profit and Loss Account	As at 31-March-2024	As at 31-March-2023
Provision for depreciation on Investment	-	-
Provision towards NPA	81.06	4.09
Provision made towards income tax	930.86	677.28
Other Provision and Contingencies (with details) -		
(a) Provision for depreciation on Property, Plant and Equipment & Intangible Assets	237.97	203.61
(b) Provision for Gratuity	49.33	25.85
Provision for Standard Assets	21.32	11.84

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40 Additional Disclosures (Contd.)

b) Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits (for deposit taking NBFCs)		
(i)	Total Deposits of twenty largest depositors	
(ii)	Percentage of Deposits of twenty largest depositors to Total Deposits of the deposit taking NBFC	
Concentration of Advances		
(i)	Total Advances to twenty largest borrowers	825.14
(ii)	Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	1.23%
Concentration of Exposures		
(i)	Total Exposure to twenty largest borrowers / customers	825.14
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	1.23%
Concentration of NPAs		
(i)	Total Exposure to top four NPA accounts	86.06

Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	Nil
2	MSME	Nil
3	Corporate borrowers	Nil
4	Services	Nil
5	Unsecured personal loans	Nil
6	Auto loans	Nil
7	Gold Loan	0.52%
8	Other personal loans	0.79%

c) Movement of NPAs (As per IRACP norms)

	Particulars	As at 31-March-2024	As at 31-March-2023
(i)	Net NPAs to Net Advances (%)	0.35%	0.12%
(ii)	Movement of NPAs (Gross)		
	(a) Opening Balance	140.44	123.55
	(b) Additions during the year	265.48	77.40
	(c) Reductions during the year	59.78	60.52
	(d) Closing Balance	346.14	140.44
(iii)	Movement of Net NPAs		
	(a) Opening Balance	59.47	111.08
	(b) Additions during the year	212.82	34.09
	(c) Reductions during the year	40.97	85.70
	(d) Closing Balance	231.32	59.47
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening Balance	80.97	12.48
	(b) Provisions made during the year	57.82	74.55
	(c) Write-off / write back of excess provisions	23.96	6.05
	(d) Closing Balance	114.83	80.97

d) Disclosure of Complaints

(a)	No. of compliants pending at the beginning of the year	2
(b)	No. of compliants received during the year	8
(c)	No. of compliants redressed during the year	9
(d)	No. of compliants pending at the end of the year	1

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Notes to the Standalone financial statements for the year ended 31-March-2024

(All amounts are in Lakhs of Indian Rupees unless otherwise stated)

41 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company has adequate cash and cash equivalents. The company monitors its capital by a careful scrutiny of the cash and cash equivalents, and a regular assessment of any debt requirements.

42 Events after Reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

43 Utilisation of Proceeds

During the year the Company has raised an amount of ₹ 6,99,99,970/-(Previous Year: ₹ Nil) by way of Equity Shares , ₹109,93,40,000/-(Previous Year: ₹ 15,88,45,000/-) by way of non-convertible debentures , ₹12,99,51,000/-(Previous Year: ₹50,61,01,000/-) by way of subordinate debts and ₹ 75,00,00,000/- (Previous Year: ₹ 85,00,00,000) by way of working capital term loan, ₹1,45,00,000/- (Previous Year: ₹ 12,50,000/-) by way of loan from directors the same has been utilized for the purpose of working capital requirements.

44 Details of Auction held during the period

	As at 31-March-2024	As at 31-March-2023	As at 01-April-2022
No. of Loan accounts	4,094.00	4,541.00	5,298.00
Principal amount Outstanding at the dates of auction(A)	1,797.15	1,750.69	2,323.26
Interest and Other charges Outstanding at the dates of auction(B)	655.02	484.13	558.79
Amount to be adjusted against other loans (C)	95.28	50.10	-
Total(A+B+c)	2,547.45	2,284.92	2,882.05
Value fetched*	2,565.30	2,294.96	2,886.07

*excluding GST / Sales tax collected from the buyer.

No sister concerns partcipated in the auctions held during the period.

45 Disclosure on the following matters required under schedule III as amended not being applicable in case of the company, same are not covered such as :

a) No proceedings have been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

b) The company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c) No registeration or satisfaction of charges are pending to be filed with ROC.

d) The company has not entered into any scheme of arragement.

e) There are no transactions which have not been recorded in the books.

f) The company has not traded or invested in crypto currency or virtual currency during the financial year.

g) The company does not have any transaction with companies struck off under section 248 or the Companies Act 2013.

h) Utilisation of Borrowed funds or share premium :

No funds have been advanced or loaned or invested (either borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the company from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

46 Fraud

During the period the Company has reported a fraud case, where gold loan related misappropriations have occurred for amounts aggregating ₹ 32,66,629/-, and have provided equal amount of provision in the books of accounts.

47 Comparatives

Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with current year's classification / disclosure.

As per our report of even date attatched

For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No.: 008520S

C K Manikandan
[Partner]
Membership no.: 206654

Place: Chalakudy
Date:29-05-2024

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]
Place: Thiruvananthapuram
Date:29-05-2024

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

MUTHOOT MERCANTILE LIMITED

Schedule to the Standalone Balance Sheet of a NBFC

(₹in lakhs)

Sl. No	Particulars		Amount outstanding	Amount overdue
	Liabilities side:			
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**			
	(a) Debentures : Secured		14,619.38	-
	: Unsecured (other than falling within the meaning of public deposits*)		-	-
	(b) Deferred Credits		-	-
	(c) Term Loans		13,611.29	-
	(d) Inter-corporate loans and borrowing		-	-
	(e) Commercial paper		-	-
	(f) Public Deposits*		-	-
	(g) Other Loans (specify nature)	(i) Subordinated Debt	20,978.08	-
		(ii)Overdraft	5,660.65	-
		(iii)Loan against deposit	-	-
		(iv)Loan from Director	-	-
	*Please see Note 1 below			
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**			
	(a) In the form of Unsecured debentures		-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		-	-
	(c) Other public deposits		-	-
	* Please see Note 1 below			
	Assets side:		**Amount outstanding**	
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**			
	(a) Secured		64,659.27	
	(b) Unsecured		1,654.74	
(4)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**			
	(i) Lease assets including lease rentals under sundry debtors:			
	(a) Financial lease		-	
	(b) Operating lease		-	
	(ii) Stock on Hire including hire charges under sundry debtors:			
	(a) Asset on Hire		-	
	(b) Repossessed assets		-	
	(iii) Other loan counting towards AFC activities			
	(a) Loans where assets have been repossessed		-	
	(b) Loans other than (a) above		-	

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(5)	**Break-up of Investments:**	
	Current Investments :	
	1. Quoted	
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-
	2. Unquoted:	
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-
	Long term Investments:	
	1. Quoted	
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-
	2. Unquoted:	
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-

(6) **Borrower Group-wise classification of assets financed as in (3) and (4) above :**

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-		-
(c) Other related Parties	-	-	-
2. Other than related parties	64,291.11	1,644.11	65,935.22
Total	**64,291.11**	**1,644.11**	**65,935.22**

(7) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Please see note 3 below

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	0.00	0.00
Total	**0.00**	**0.00**

**As per Accounting Standard of ICAI (Please see Note 3)

MANIKANDAN & ASSOCIATES * CHARTERED ACCOUNTANTS * CHALAKUDY 680 307

MUTHOOT MERCANTILE LIMITED THYCAUD 695014

(8)	Other information	
	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	346.14
	(ii) Net Non-Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	231.32
	(iii) Asset acquired in Satisfaction of Debt	-

Notes:

1) As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
2) Provisioning norms shall be applicable as prescribed in these Directions.
3) All Relevent Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, Market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date attatched

For Manikandan and Associates
Chartered Accountants
ICAI Firm Reg No.: 008520S

C K Manikandan
[Partner]
Membership no.: 208654

For and on behalf of the board of directors of
Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

M R Rajeev
[Chief Financial Officer]

Richi Mathew
[Managing Director]
DIN 00224336

Neethu C Biju
[Company Secretary]

Place: Chalakudy
Date:29-05-2024

Varma & Varma
Chartered Accountants

Independent Auditor's Limited Review Report on unaudited quarterly and year to date financial results of the Muthoot Mercantile Limited pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Board of Directors
Muthoot Mercantile Limited

1. We have reviewed the accompanying statement of unaudited financial results of Muthoot Mercantile Limited ('the Company') for the quarter and half year ended September 30,2024 ('the Statement') being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the 'Listing Regulations') duly initialled by us for the purpose of identification.

2. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. The Statement has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, ('Ind AS 34') "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, the circulars, guidelines and direction issued by the Reserve Bank of India (the RBI) from time to time (RBI guidelines) and other accounting principles generally accepted in India and is in compliance with the Listing Regulations read with the relevant circulars issued by SEBI. Our responsibility is to express a conclusion on the statement based on our review.

3. We conducted our review of the Statement 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 Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated above and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the statement prepared in accordance with aforesaid Indian accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

VARMA & VARMA Trivandrum Chartered Accountants

TC 9/1504, Galaxy, SMRA-14, Sasthamangalam P O, Thiruvananthapuram-695010
Tel : 0471-2727345, 2727346, Email : trivandrum@varmaandvarma.com

Other Matter

5. The comparative financial information of the Company for the quarters ended June 30,2024 and for the year ended March 31, 2024 included in the Statement have been reviewed/ audited by the auditors of the preceding year/period and have not been subjected to review/audit by us. The report of the predecessor auditors on comparative financial information for the quarter ended June 30,2024 dated August 14,2024, for the year ended March 31, 2024 dated May 29,2024 expressed an unqualified opinion.

   We draw attention to Note No. 3 of the Statement which states that the comparative figures for the quarter and half year ended September 30,2023 are prepared by the management and has not been subjected to limited review by the auditors of the preceding year/period.

   Our conclusion is not modified in respect of these matters.

For Varma & Varma
Chartered Accountants
FRN: 004532S

VARMA & VARMA Trivandrum Chartered Accountants

Rajeev R
Partner
Membership No 211277
UDIN : 24211277BKDGFS5388

Place: Thiruvananthapuram
Date : November 14, 2024

Muthoot Mercantile Limited

Registered Office: Muthoot Floors, Thycaud, Trivandrum

CIN: U65921KL1997PLC011260

NOTES TO UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

1) The above unaudited financial results of Muthoot Mercantile Limited ("Company") were reviewed by the audit committee and recommended for approval and approved by the Board of Directors at their meetings held on November 14, 2024.

2) The above results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013("the Act") read with relevant rules thereunder, the circulars, guidelines and directions issued by Reserve Bank of India and other accounting principles generally accepted in India and is in compliance with the listing regulations read with relevant circulars issued by SEBI.

3) The comparative figures for the quarter ended and half year ended September 30, 2023 are prepared by the management and has not been subject to limited review by the statutory auditors.

4) The figures for the quarter ended September 30, 2024 and September 30, 2023 are the balancing figures between the unaudited figures in respect of the half year ended September 30, 2024 and September 30, 2023 and the unaudited figures of the quarter ended June 30, 2024 and June 30, 2023 respectively, all of which have been subject to limited review by the statutory auditors of the said period except for the quarters ended June 30,2023 and September 30,2023.

5) The Company has maintained requisite full asset cover by way of mortgage of, pari passu / subservient charge respectively on current assets, book debts and loans and advances of the Company on its Secured, Listed Non-Convertible Debentures as at September 30, 2024.

6) The Company is primarily engaged in the business of financing and all its operations are in India. Accordingly, there are no separate reportable segment as per Ind AS 108 "Operating Segments".

7) Disclosures in compliance with Regulation 52 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and half year end September 30, 2024 is attached as Annexure I.

For Muthoot Mercantile Ltd.

Whole Time Director

VARMA & VARMA Chartered Accountants Trivandrum

8) During the year, the Company has paid an amount of Rs. 91.76 lakhs as management remuneration pertaining to previous year computed as a specified percentage of Net Profit of the Company for financial year 2023-24 which was approved by the Board of Directors at the meeting dated April 17,2023 and subsequently approved in the Annual General Meeting dated September 05, 2023 by the Shareholders of the Company. The provision for this payment was not created in the previous year ended March 31,2024 and consequently the prior year's financial statements have been restated to correct this prior period error in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors.

The impact of the restatement on the comparative financial statements for the year ended March 31, 2024 is as follows:

Particulars	Other Equity	Profit After Tax
Balance as per Audited Financial Statements for the year ended March 31,2024	12,916.08	2,519.59
Less: Provision for managerial Remuneration	91.76	91.76
Restated Balance	12,824.32	2,427.83

9) Previous period figures have been regrouped / reclassified wherever necessary to make them comparable with those of the current period

M Mathew

Whole Time Director

DIN:00063078

Place: Thiruvananthapuram
Date: November 14,2024

VARMA & VARMA Chartered Accountants Trivandrum

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
CIN:U65921KL1997PLC011260
Reg. Office : 1st Floor, North Block, "Muthoot Floors",
Opposite W & C Hospital, Thycaud, Thiruvananthapuram, 695014

Statement of Unaudited Financial Results for the Quarter and Half Year ended September 30,2024

(Rs. in lakhs)

	Particulars	Quarter ended			Half Year ended		Year ended
		September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	March 31, 2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(I)	**Revenue from Operations**						
(a)	Interest Income	3,446.04	3,580.63	3,010.81	7,026.67	5,186.36	12,777.58
(b)	Fees and Commission Income	14.55	50.90	51.34	65.45	108.76	215.42
(c)	Net gain on fair value changes	4.75	-	-	4.75	-	-
	Total Revenue from Operations	**3,465.34**	**3,631.53**	**3,062.15**	**7,096.87**	**5,295.12**	**12,993.00**
(II)	Other Income	30.80	16.97	14.06	47.77	20.46	184.91
(III)	**Total Income (I+II)**	**3,496.14**	**3,648.50**	**3,076.21**	**7,144.64**	**5,315.58**	**13,177.91**
	Expenses:						
(a)	Finance Costs	1,617.86	1,699.81	1,193.91	3,317.67	2,247.85	5,262.98
(b)	Impairment on financial instruments	146.51	(33.39)	67.49	113.12	78.84	102.38
(c)	Employee benefits expenses	746.41	685.81	610.35	1,432.22	1,131.80	2,644.68
(d)	Depreciation, amortization and impairment	221.80	221.35	225.00	443.15	416.36	863.60
(e)	Other Expenses	176.79	234.24	345.32	411.03	474.49	1,010.44
(IV)	**Total Expenses**	**2,909.37**	**2,807.82**	**2,442.07**	**5,717.19**	**4,349.34**	**9,884.08**
(V)	**Profit before Tax (III)- (IV)**	**586.77**	**840.68**	**634.14**	**1,427.45**	**966.24**	**3,293.83**
(VI)	**Tax Expenses:**						
(a)	Current Tax	20.89	229.19	172.97	250.08	269.75	930.86
(b)	Deferred Tax	129.22	(17.23)	(14.37)	111.99	(26.56)	(64.86)
(VII)	**Profit for the period (V)-(VI)**	**436.66**	628.72	**475.54**	**1,065.38**	**723.05**	2,427.83
(VIII)	**Other Comprehensive Income**						
A)	(i) Items that will not be reclassified to Profit or Loss :						
	-Remeasurement Gains/ (Losses) on Defined Benefit Plans	(2.42)	(5.06)	3.89	(7.48)	8.55	17.10
	-Change in value of forward element of forward contract	(4.26)	-	-	(4.26)	-	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	(2.62)	5.58	0.05	2.96	(2.15)	(5.33)
	Sub Total (A)	**(9.30)**	**0.52**	**3.94**	**(8.78)**	**6.40**	**11.77**
B)	(i) Items that will be reclassified to Profit or Loss:						
	-Effective portion of gain/(loss) on hedging instruments in cash flow hedges	(91.44)	-	-	(91.44)	-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	23.01	-	-	23.01	-	-
	Sub Total (B)	**(68.43)**	-	-	**(68.43)**	-	-
	Other Comprehensive Income (A)+(B)	**(77.73)**	**0.52**	**3.94**	**(77.21)**	**6.40**	**11.77**
(IX)	**Total Comprehensive Income for the period (VII)+(VIII)**	358.93	629.24	479.48	988.17	729.45	2,439.60
	Earnings per equity share (quarter/half year figures are not annualised)						
	(Face Value of Rs 10 Each)						
	Basic (Rs.)	1.20	1.73	1.62	2.93	2.46	7.95
	Diluted (Rs.)	1.20	1.73	1.62	2.93	2.46	7.95

See accompanying notes to financial results

For and on behalf of the board of directors of Muthoot Mercantile Limited

M Mathews
Wholetime Director
DIN: 00063078

Place :Thiruvananthapuram
Date: November 14,2024

VARMA & VARMA Chartered Accountants Trivandrum

MUTHOOT MERCANTILE LTD THYCAUD 695 014

MUTHOOT MERCANTILE LIMITED
CIN:U65921KL1997PLC011260
Reg. Office : 1st Floor, North Block, "Muthoot Floors",
Opposite W & C Hospital, Thycaud, Thiruvananthapuram, 695014

Unaudited Statement of Assets and Liabilities (Balance Sheet) as at September 30,2024

(Rs. in lakhs)

	Particulars	As at September 30,2024 (Unaudited)	As at March 31,2024 (Audited)
	ASSETS		
(1)	**Financial Assets**		
(a)	Cash and Cash Equivalents	6,320.29	1,066.27
(b)	Bank Balance other than (a) above	3,022.96	2,285.62
(c)	Loans	77,987.54	70,101.82
(d)	Investments	2,004.75	-
(e)	Other Financial Assets	610.31	535.62
(2)	**Non-Financial Assets**		
(a)	Current tax assets (Net)	120.10	755.84
(b)	Deferred Tax Assets (Net)	160.76	246.79
(c)	Property, Plant and Equipment	729.55	642.01
(d)	Right-of-Use Asset	4,445.42	4,176.39
(e)	Other Intangible Assets	1.18	1.57
(f)	Other Non-Financial Assets	111.50	145.30
	TOTAL ASSETS	**95,514.36**	**79,957.23**
	LIABILITIES AND EQUITY		
	LIABILITIES		
(1)	**Financial Liabilities**		
(a)	Derivative Financial Instruments	127.02	-
(b)	Payables		
	(I)Trade Payables		
	(A) total outstanding dues of micro enterprises and small enterprises; and	126.14	23.95
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	18.90	95.79
	(II) Other Payables		
	(A) total outstanding dues of micro enterprises and small enterprises; and	-	-
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	-	-
(c)	Debt Securities	27,499.47	14,626.36
(d)	Borrowings (Other than Debt Securities)	21,669.63	19,271.94
(e)	Subordinate Liabilities	22,771.15	23,300.00
(f)	Lease Liabilities	4,953.52	4,627.97
(g)	Other Financial Liabilities	722.22	404.51
(2)	**Non-Financial Liabilities**		
(a)	Provisions	127.28	1,048.78
(b)	Other Non-Financial Liabilities	44.68	91.74
(3)	**Equity**		
(a)	Equity Share Capital	3,641.87	3,641.87
(b)	Other Equity	13,812.48	12,824.32
	TOTAL LIABILITIES AND EQUITY	**95,514.36**	**79,957.23**

See accompanying notes to financial results

For and on behalf of the board of directors of Muthoot Mercantile Limited

M Mathews
Wholetime Director
DIN: 00063078

Place : Thiruvananthapuram
Date: November 14,2024

VARMA & VARMA Chartered Accountants Trivandrum

MUTHOOT MERCANTILE LIMITED
CIN:U65921KL1997PLC011260
Reg. Office : 1st Floor, North Block, "Muthoot Floors",
Opposite W & C Hospital, Thycaud, Thiruvananthapuram, 695014

Unaudited Cash flow Statement for the Half Year ended September 30,2024

(Rs. in lakhs)

Particulars	Half year ended September 30, 2024 (Unaudited)	Half year ended September 30, 2023 (Unaudited)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**1,427.45**	**966.24**
Adjustments to reconcile Profit before tax to cash provided by operating activities:		
Depreciation, amortization and impairment	443.15	416.36
Impairment on financial instruments	113.12	78.84
Interest on security deposit	(4.15)	(6.98)
Net gain on fair value changes	(4.75)	-
Net gain on cancellation of lease	(41.40)	-
Provision for gratuity	8.77	17.23
Finance cost	3,317.67	2,247.85
Operating profit before working capital changes	**5,259.86**	**3,719.54**
Changes in working capital :		
Decrease / (Increase) in loans	(7,998.85)	(10,233.48)
Decrease / (Increase) in other bank balances	(737.34)	(491.32)
Decrease / (Increase) in other financial asset	(70.54)	2,505.30
Decrease / (Increase) in non-financial asset	42.58	11.42
Increase / (Decrease) in trade payables	25.30	(2.81)
Increase / (Decrease) in provision	(8.06)	-
Increase / (Decrease) in other financial liabilities	317.73	(1,685.19)
Increase / (Decrease) in other non-financial liabilities	(47.06)	(10.37)
Cash generated from /(used in) operations	**(3,216.38)**	**(6,186.91)**
Finance Cost paid	(2,849.49)	(1,724.97)
Income Taxes Paid	(544.03)	(323.35)
Net cash flow from/ (used in) operating activities (A)	**(6,609.90)**	**(8,235.23)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and other intangible assets	(190.79)	(99.60)
Purchase of investment	(2,000.00)	-
Net cash flow from/ (used in) investing activities (B)	**(2,190.79)**	**(99.60)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase /(Decrease) in debt securities	12,486.50	261.67
Increase /(Decrease) in borrowings (other than debt securities)	2,366.18	2,416.03
Increase /(Decrease) in subordinate Liabilities	(547.60)	2,980.76
Payment of lease liabilities	(250.37)	(230.34)
Net cash flow from/ (used in) in financing activities (C)	**14,054.71**	**5,428.12**
D. Net increase/(decrease) in cash and cash equivalents (A + B + C)	**5,254.02**	**(2,906.71)**
Cash and cash equivalents at the beginning of the period	1,066.27	4,553.56
Cash and cash equivalents at the end of the period	**6,320.29**	**1,646.85**

See accompanying notes to financial results

For and on behalf of the board of directors of Muthoot Mercantile Limited

M Mathews
Wholetime Director
DIN: 00063078

Place :Thiruvananthapuram
Date: November 14,2024

VARMA & VARMA Chartered Accountants Trivandrum

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

ANNEXURE 1

Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Half year ended September 2024

SI NO.	Particulars	Note No.	Half Year ended
			September 30,2024
A	Debt-Equity Ratio	2	4.12
B	Debt-Service Coverage Ratio		NA
C	Interest Service Coverage Ratio		NA
D	Outstanding redeemable preference shares		NIL
E	Capital Redemption Reserve		2280.63
F	Debenture Redemption Reserve		NIL
G	Net Worth(Rs. in Lakhs)	3	16,902.20
H	Outstanding Debt		71,940.25
I	Net Profit After Tax(Rs. in Lakhs)		1,065.38
J	Earning Per Share		
	(i) Basic (Rs)		2.93
	(ii) Diluted (Rs)		2.93
K	Current Ratio		NA
L	Long term Debt to Working Capital		NA
M	Bad Debts to Account Receivable Ratio		NA
N	Current Liability Ratio		NA
O	Total Debts to Total Assets	4	0.75
P	Debtors Turnover		NA
Q	Inventory Turnover		NA
R	Operating Margin(%)		NA
S	Net Profit Margin(%)	5	0.15
T	Sector Specific Equivalent Ratios:		
	(i) Stage 3 Loan Assets to Gross Loan Assets	6	0.01
	(ii) Net Stage 3 Loan Assets to Gross Loan Assets	7	0.01
	(iii) Capital Adequacy Ratio	8	25.61%
	(iv) Provision Coverage Ratio	9	8.42%

Notes:

1 The figures/ ratios which are not applicable to the Company, being an NBFC, are marked as "NA".

2 Debt Equity Ratio=(Debt Securities+Borrowings(Other than debt securities)+Subordinated Liabilities)/(Equity Share Capital+Other Equity).

3 Net Worth is calculated as defined in Sec2(57) of the Companies Act, 2013.

4 Total Debts To Total Assets=(Debt Securities+Borrowings(Other than debt securities)+Subordinated Liabilities)/Total Assets

5 Net Profit Margin(%)=Net Profit After Tax/Total Income.

6 Stage 3 Loan Assets to Gross Loan Assets=Stage 3 Loan Assets/Gross Loan Assets(Based on Principal amount of Loan

7 Net Stage 3 Loan Assets to Gross Loan Assets=(Stage 3 Loan Assets-Expected Credit Loss provision for Stage 3 Loan Assets)/Gross Loan Assets (Based on Principal Amount of Loan Assets).

8 Capital Adequacy Ratio has been computed as per RBI Guidelines.

9 Provision Coverage Ratio=Expected Credit Loss provision for Stage 3 Loan Assets/Stage 3 Loan Assets.

For Muthoot Mercantile Limited

M Mathew
[Wholetime Director]
DIN 00063078

MUTHOOT MERCANTILE LIMITED
THYCAUD
695 014

Varma & Varma
Chartered Accountants

To,
The Board of Directors
Muthoot Mercantile Limited
Thiruvananthapuram

Statutory Auditor's Certificate for book value of assets available as security cover in respect of Listed Non-convertible Securities

- This certificate is issued in accordance with terms of our engagement letter with Muthoot Mercantile Limited ('The Company').
- The accompanying statement containing the details of security Cover for Listed Secured non-convertible debt securities ('NCDs') outstanding as at September 30,2024 ('the Statement'), has been prepared by the Company's management in accordance with terms of Securities And Exchange Board Of India (the "SEBI") Circular No. SEBI/ HO/ MIRSD/ MIRSD/ CRADT/ CIR/ P/ 2022/67 dated May 19, 2022 (hereinafter referred as the "SEBI Circular') and in accordance with terms of regulation 56(1)(d) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred as the "SEBI Regulations"). We have initialled the Statement for identification purposes only.

Management's Responsibility

- The preparation of the Statement in accordance with the requirements of the SEBI Circular, including the preparation and maintenance of all accounting and other relevant supporting records and documents, is solely the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial and other information furnished in the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

- Pursuant to requirement of the circular, it is our responsibility to express limited assurance in the form of a conclusion on the correctness of the book value of assets available as security cover for NCDs computed in the attached Statement.
- We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

VARMA & VARMA Trivandrum Chartered Accountants

TC 9/1504, Galaxy, SMRA-14, Sasthamangalam P O, Thiruvananthapuram-695010
Tel : 0471-2727345, 2727346, Email : trivandrum@varmaandvarma.com

- We conducted our examination in accordance with the 'Guidance Note on Audit Report and Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgement including the assessment of the areas where a material misstatement of the subject matter information is likely to arise.
- We have performed the following procedures in relation to the Statement:
    a. Inquired and understood from the credit team of the company on the process followed for tagging of assets to NCDs.
    b. Obtained the list of assets tagged as security cover for the NCDs as per the unaudited books of accounts for the half year ended September 30, 2024 and traced the same to the attached Statement.
    c. Obtained necessary management representations on the tagging of assets as security cover to NCDs.
- The unaudited financial results for the quarter ended September 30.2024 have been reviewed by us, on which we have issued a limited review report dated November 14.2024. Our review of these financial results was conducted in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable standards specified under the Act, as per which, we are required to obtain reasonable assurance about whether the financial results are free from material misstatement. Our review was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

Conclusion

- Based on procedures performed as above, evidences obtained, and the information and explanations given to us, along with the representations provided by the management, nothing has come to our attention that cause us believe that the book value of asset available for NCDs as mentioned in the accompanying statement are not correctly computed.

VARMA & VARMA Trivandrum Chartered Accountants

TC 9/1504, Galaxy, SMRA-14, Sasthamangalam P O, Thiruvananthapuram-695010
Tel : 0471-2727345, 2727346, Email : trivandrum@varmaandvarma.com

Varma & Varma
Chartered Accountants

Restriction of Use

This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of onward submission to the Debenture Trustees as per the Listing Regulation and should not be used for any other purpose without our prior written consent. This certificate relates only to the statement referred above and does not extend to any financial or other information of the Company. Accordingly, we do not accept or assume any liability or any duty of care to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Varma & Varma
Chartered Accountants
FRN: 004532S

VARMA & VARMA Trivandrum Chartered Accountants

Rajeev R
Partner
Membership No 211277
UDIN : 24211277BKDGFT5778

Place: Thiruvananthapuram
Date : November 14, 2024

TC 9/1504, Galaxy, SMRA-14, Sasthamangalam P O, Thiruvananthapuram-695010
Tel : 0471-2727345, 2727346, Email : trivandrum@varmaandvarma.com

Statement of Security Cover as on September 30, 2024

(Rs in Lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive charge		Pari passu charge			Assets not offered as security	Elimination on (amount in negative)	Total C to H	Relaed to only those items covered by this certificate				
		Debt for which this certificate being issued	Other secured debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which certificate is issued & other debt with pari passu charge)	Other assets on which there is pari passu charge (excluding items covered in Column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market value for assets charged on exclusive basis	Carrying/book value for exclusive charge assets where market vaue is not ascertainable or applicable	Market value for pari passu charge assets	Carrying value / book value for pari passu charge assets where market value is not ascertainable or applicable	Total Value = K+L+M+N
		Book Value	Book Value	Yes/No	Book value	Book value						Relating to Column F		
Assets														
Property, Plant & Equipment				No			729.55	-	729.55		-	-	-	-
Capital Work in Progress				No			-	-	-		-	-	-	-
Right of Use Assets				No			4,445.42	-	4,445.42		-	-	-	-
Goodwill				No			-	-	-		-	-	-	-
Intangible assets				No			1.18	-	1.18		-	-	-	-
Intangible assets under Development				No			-	-	-		-	-	-	-
Investments				No			2,004.75	-	2,004.75		-	-	-	-
Loans	Gold Loan and other loans			Yes	41,960.03	36,027.51	-	-	77,987.54		-	-	41,960.03	41,960.03
Inventories				No				-	-		-	-	-	-
Trade Receivables				No				-	-		-	-	-	-
Cash and cash Equivalents	Cash and cash Equivalents			Yes	6,320.29		-	-	6,320.29		-	-	6,320.29	6,320.29
Bank balances other than cash and cash equivalents	Term Deposits with Bank	360.09	2,662.28	No			0.59	-	3,022.96		360.09	-	-	360.09
Others	Current Tax assets, DTA, Other non financial Assets and other Financial Assets	-	-	Yes	427.62	-	575.05	-	1,002.67		-	-	427.62	427.62
Total		**360.09**	**2,662.28**		**48,707.94**	**36,027.51**	**7,756.54**	**-**	**95,514.36**		**360.09**	**-**	**48,707.94**	**49,068.03**

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

VARMA & VARMA Trivandrum Chartered Accountants

Statement of Security Cover as on September 30, 2024

(Rs in Lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive charge		Pari passu charge			Assets not offered as security	Elimination on (amount in negative)	Total C to H	Relaed to only those items covered by this certificate				
		Debt for which this certificate being issued	Other secured debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which certificate is issued & other debt with pari passu charge)	Other assets on which there is pari passu charge (excluding items covered in Column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market value for assets charged on exclusive basis	Carrying/book value for exclusive charge assets where market vaue is not ascertainable or applicable	Market value for pari passu charge assets	Carrying value / book value for pari passu charge assets where market value is not ascertainable or applicable	Total Value = K+L+M+N
		Book Value	Book Value	Yes/No	Book value	Book value						Relating to Column F		
Liabilities														
Debt securities to which Certificate pertains		360.09			24,126.95			(360.09)	24,126.95		-	-	-	-
Other debt sharing pari-passu charge with above debt											-	-	-	-
Other debt									-		-	-	-	-
Subordinated debt							22,771.15		22,771.15		-	-	-	-
Borrowings :											-	-	-	-
Bank			2,662.28			21,669.63		(2,662.28)	21,669.63		-	-	-	-
Debt Securities						3,372.52			3,372.52		-	-	-	-
Others:											-	-	-	-
Trade Payables							145.04		145.04		-	-	-	-
Lease Liabilities							4,953.52		4,953.52		-	-	-	-
Provisions							127.28		127.28		-	-	-	-
Others							893.92		893.92		-	-	-	-
Total		**360.09**	**2,662.28**		**24,126.95**	**25,042.15**	**28,890.91**	**(3,022.37)**	**78,060.01**		**-**	**-**	**-**	**-**
Cover on Book Value		**1.00**			**2.02**									
Cover on Market Value														
		Exclusive Security Cover Ratio			**Pari-passu cover ratio**									

For Muthoot Mercantile Limited

M.Mathews
Wholetime Director
DIN: 00063078

MUTHOOT MERCANTILE LIMITED THYCAUD 695 014

VARMA & VARMA Trivandrum Chartered Accountants

MATERIAL DEVELOPMENTS

Other than as disclosed below and in the Draft Prospectus, there have been no material developments since March 31,2024 and there have arisen no circumstance that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

1. Repayment of term loans, redemption of non-convertible securities, and redemption of Subordinated Debts
    a. The company from April 01,2024 till Cut-off Date has made repayment of term loans from banks amounting to ₹ 5,155.22 lakhs.
    b. The company from April 01,2024 till Cut-off Date has redeemed secured privately placed non-convertible debentures amounting to ₹ 864.19 lakhs
    c. The company from April 01,2024 till Cut-off Date has redeemed subordinate debts amounting to ₹2,901.14 lakhs.

2. Mobilized fund by issue of non-convertible securities, Sub-ordinated debts and term loans
    a. The company from April 01,2024 till Cut-off Date has issued Non-Convertible Debentures of ₹ 13,737.07 lakhs.
    b. The company from April 01,2024 till Cut-off Date has issued Subordinated Debts of ₹ 1,609.07 lakhs.
    c. The company from April 01,2024 till Cut-off Date has taken term loans from banks amounting to ₹ 9,800.00 lakhs

FINANCIAL INDEBTEDNESS

As on September 30, 2024, our Company had outstanding Total Borrowings of Rs.71,940.25 Lakhs:

Sr. No.	Nature of Borrowings	Amount Outstanding (Rs. in lakhs)	%
1	Secured borrowings	49,169.10	68.35%
2	Unsecured borrowings	22,771.15	31.65%
	Total Borrowings	71,940.25	100.00%

Set forth below, is a summary of the borrowings by our Company outstanding as on September 30, 2024, together with a brief description of certain significant terms of such financing arrangements.

Details of secured borrowings:

The Company's secured outstanding borrowings from banks/ financial institutions as on September 30, 2024 amounts to Rs. 21,669.63 Lakhs. The details of the secured borrowings from banks/ financial institutions are set out below:

a) Borrowings from Banks/Financial Institutions:

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
State Bank of India (Cash Credit)	March 20 , 2023	5,000.00	1,709.00	On Demand	(i) Primary Security- First Hypothecation charge ,along with other working capital as well as term lenders on current and future standard Gold Loan Receivables of the company on pari passu basis, equivalent to 133.33% of the outstanding amount,(including interest,25% Margin) with the debenture trustees and other Term loan and Working capital lenders.Hypothecation of Receivables of standard stage 1	IND BBB/ Stable	Standard
State Bank of India (Foreign Currency Term Loan)[1]	Feb 05,2024	12,500.00	6,445.06	11 quarterly instalments equivalent to Rs.260 lakhs and balance amount in last instalment, 8 quarterly instalments equivalent to Rs. 140 Lakhs to be paid in foreign currency and balance in the last quarter		IND BBB/ Stable	Standard
State Bank of India (Foreign Currency Term Loan)[1]	Feb 05,2024			25 monthly instalments equivalent to Rs.150 lakhs and balance in the last month		IND BBB/ Stable	Standard

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
					assets only. (ii) Collateral Security – (a) Equitable mortgage of 10.35 ares of land comprised in Re Sy No.3 (Old Sy Nos. 2640/1-5, 2640/1-6, 2640/1-7), Block No. 29, Thandaper No. 2 at Vattiyoorkkaav Village, Thiruvananthapuram District in the name of Mathew Mathaininan (b) Equitable mortgage of 4.77 ares of land comprised in Re Sy No. 62 (Old Sy Nos. 2573/1-7, 2573/1-7-2), Block No 17, Thandaper No. 46 at Vattiyoorkkaav Village, Thiruvananthapuram District in the name of Mathew Mathaininan (c) Equitable mortgage of 5.52 ares of land with a residential building thereon bearing TC No. 4/1683 comprised in Re Sy No. 28 (Old Sy Nos. 3138/2-1, 3138/2-2, 3138/2-3 and 3134/4-2), Block No. 55, Thandaper No. 3822 of Kowdiar Village, Thiruvananthapuram District in the name		

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
					of Mathew Mathaininan and Ammini Mathew (d) Equitable mortgage of 5.48 ares of land comprised in Re Sy No. 76 (Old Sy Nos. 90/4-1 and 90/8-5-1), Block No 3, Thandaper No. 198 at Thirumala Village, Thiruvananthapuram District in the name of Mathew Mathaininan (e) Equitable mortgage of Apartment admeasuring 13,030 sq. ft (6,515 sq. ft and 6,515 sq. ft) in the first and ground floor, 2.89 ares undivided share over 10.82 ares with building no 81/3031 and 81/3032 comprised in Re Sy No. 164 (Old Sy No 1217/2 and 1219), Block No 99, Thandaper No. 12605 of the multistoried building called 'Artech Meenakshi Plaza' in the Thycaud Village, Thiruvananthapuram District in the name of Mathew Mathaininan and Ammini Mathew (f) Equitable mortgage of 1.825 Cents of undivided		

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
					share on 2.89 ares in Re Sy No.11/123 (Old Sy Nos. 1250, 1250/1-1 and 1250/1), Block No 2, Thandaper No. 2278 at Manacaud Village, Thiruvananthapuram District in the name of Mathew Mathaininan (g) Equitable mortgage of 40.47 ares of land with residential building thereon comprised in Sy No. 332/1, 332/1-1, 332/1-2, 332/1-1A, 332/1-1-1and 332/1-2-1Thandaper No. 9088 at Kozhenchery Village, KozhencheryTaluk and PathanamthittaDistrict in the name of Mathew Mathaininan and Richi Mathew (h) Cash Collateral of Rs.500 lakhs secured by lein on term deposits (iii) Personal guarantee of Mathew Mathaininan, Amini Mathew, Richi Mathew		
Indian Overseas Bank (Overdraft)	December 6, 2023	1,000.00	627.29	On Demand	i. Primary Security: First Pari-passu charge on gold loan receivables and current assets of the company along with secured debenture	IND BBB/ Stable	Standard

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
					holders and other working capital lenders with minimum security coverage of 1.25. ii.Collateral Security: Lien on Fixed Deposits equivalent to 15% of Loan Amount. (iii) Personal guarantee of Mathew Mathaininan, Amini Mathew, Richi Mathew,Asha Richi Mathew-Muthoot House 26,Mummy's Colony,Kuravankonam Kowdiar ,Trivandrum 695003		
Karur Vysya Bank (Working Capital)	November 30, 2023	2,000.00	1,498.32	On Demand	(i) Primary Security - First pari passu charge on the receivables of the Company including Gold Loan receivables both present and future, and other current assets of the Company with other secured lenders except those specifically charged to any term lenders whether under refinance facility or otherwise (Net of NPA accounts) with a margin of 25%.(ACR 1.33x times of principle outstanding of the loan)	IND BBB Stable	Standard
						IND BBB Stable	Standard

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
					(ii) Collateral Security – Additional EM charge on commercial vacant land admeasuring 33.40 Ares (82.50 cents of residential land) situated at Sy No 97/22 (Old 75/19/1) Block No 10, Elanthoor Village, KozhencherryTaluk, Pathanamthitta District, Kerala standing in the name of Mathew Mathaininan and Richi Mathew (iii) Personal guarantee of Mathew Mathaininan, Amini Mathew, Richi Mathew		
Karur Vysya Bank (Term Loan)	November 30,2023	2,000.00	1,500.00	12 Quarterly Instalments without holiday period.	Collateral of Rs. 600 lakhs of Fixed Deposit with KVB	IND BBB Stable	Standard
Federal Bank (Working Capital)	August 27, 2024	500.00	-	On Demand	(i) Primary Security - Pari passu first charge by way of hypothecation of entire current assets of the company (present and future) including loan receivables, with secured debentures holders and other banks. ii) Personal guarantee of Mathew Mathaininan, Amini	IND BBB Stable	Standard
Federal Bank (Foreign Currency Term Loan)[2]	August 24, 2023	2,000.00	1,352.20	12 equal quarterly instalments		IND BBB Stable	Standard
Federal Bank (Foreign Currency	August 27, 2024	3,000.00	2,996.87	12 equal quarterly instalments Rs 250 lakhs		IND BBB Stable	Standard

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
Term Loan)[3]					Mathew, Richi Mathew iii) Collateral Security – Fixed Deposits in the name of the borrower with the coverage of 15 %		
South Indian Bank (CCBD)	September 2, 2024	50.00	-	NA	i. Pari passu Ist charge on standard gold loan receivables along with other working capital lenders and debenture holders ii. Collateral Security – KND Deposits of Rs.372 lakhs((15 % 0f borrowing		
South Indian Bank (Term Loan)	September 2, 2024	1,100.00	-	36 equal monthly instalments of Rs 30.55	Pari passu lst charge on standard gold loan receivables with a minimum asset cover of 1.33x.	IND BBB Stable	
South Indian Bank (Term Loan)	July 7, 2023	2,000.00	1,212.03	35 equal monthly instalments of Rs.56 lakhs and final installment of Rs.40 lakhs	(i) Primary Security – Paripassu 1st charge on standard gold receivables with minimum assets cover of 1.33x (ii) Collateral Security – KND Deposits of Rs.372 lakhs((15 % 0f borrowing) (iii) Personal guarantee of Mathew Mathaininan, Amini Mathew, Richi Mathew	IND BBB Stable	Standard

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
Oxyzo Financial Services Limited(Term Loan)	July 29,2024	2,500.00	2,361.11	18 equal principal instalments	First ranking par-passu charge by way of hypothecation on the Borrower's entire Loan receivables (present and future), unencumbered cash & cash equivalents and other current assets along with other existing lenders and ("Hypothecated Assets") (ii) Cash Collateral amount of Rs 2,50,00,000. (iii) Unconditional and Irrevocable Personal Guarantee of Mr. Mathew Mathaininan, Mr. Richi Mathew, Ms. Ammini Mathew.	IND BBB/Stable	Standard
Piramal Enterprises Limited(Term Loan)	August 21,2024	2,000.00	2000.00	15 Equal Monthly Instalments of Rs 150 Lakhs	(i) First Pari Passu over the entire book debts of Borrower,both present and future("Book Debts"). (ii)Personal Guarantee of Mr. Mathew Mathaininan, Mr. Richi Mathew, Ms. Ammini Mathew	IND BBB/Stable	Standard

Lender's Name and Type of facility	Date of Sanction	Amount Sanctioned (Rs. in lakhs)	Amount outstanding (Rs. in lakhs)	Repayment Date/Schedule	Security and Guarantee	Credit Rating	Asset Classification
Total Principal Outstanding		**35,650.00**	**21,701.88**				
Add: Interest accrued			31.51				
Less: EIR Adjustment under Ind AS 109			(63.76)				
Net Outstanding Borrowings			**21,669.63**				

Note:

1) *All term loan from SBI Converted into Foreign currency term loan from State Bank of India sanctioned vide letter dated February 5, 2024 has sanction amount of USD 85,24,551.18and outstanding amount as on September 30, 2024 of USD 76,91,227.55 which is hedged with forward contract up to 6 months with roll over option.*
2) *Foreign currency term loan from Federal Bank sanctioned vide letter dated August 24, 2023 has sanction amount of USD 24,21,307.51and outstanding amount as on September 30, 2024 of USD 16,13,655.14 which is to be repaid in 12 equal quarterly installment of USD 2,01,775.63*
3) *Foreign currency term loan from Federal Bank sanctioned vide letter dated August 27, 2024 has sanction amount of USD 35,76,327.59 and outstanding amount as on September 30,2024 USD 35,76,327.59 which is to be repaid in 12 equal quarterly installment of USD 2,98,027.30*

b) External Commercial Borrowings

As on September 30, 2024 we do not have any outstanding borrowing by way of External Commercial Borrowings.

c) Secured Redeemable Non-Convertible Debentures

i. Private Placement of secured unlisted redeemable non-convertible debentures

The Company has issued on private placement basis, secured redeemable, non-convertible debentures under various series of which Rs. 3,372.52 Lakhs was cumulatively outstanding as on September 30, 2024, the details of which are set forth below:

Series	ISIN	Principal Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Maturity / Monthly	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating
143	NA	0.25	January 09,2013	64 months	Maturity	18.75	May 09,2018	NA
174	INE05F407093	18.00	January 15,2020	60 Months	Monthly	10	January 15,2025	NA

Series	ISIN	Principal Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Maturity / Monthly	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating
174	INE05F407101	11.00	January 15,2020	60 Months	Maturity	11.29	January 15,2025	NA
175	INE05F407143	99.80	February 10,2020	60 Months	Monthly	10.5	February 10,2025	NA
175	INE05F407150	35.00	February 10,2020	60 Months	Maturity	11.85	February 10,2025	NA
175	INE05F407127	40.35	February 10,2020	90 Months	Maturity	13.33	August 10,2027	NA
176	INE05F407200	69.30	February 27,2020	60 Months	Monthly	10.5	February 27,2025	NA
176	INE05F407192	16.00	February 27,2020	60 Months	Maturity	11.85	February 27,2025	NA
176	INE05F407184	32.60	February 27,2020	90 Months	Maturity	13.33	August 27,2027	NA
177	INE05F407234	45.75	March 23,2020	60 Months	Monthly	10.5	March 23,2025	NA
177	INE05F407259	48.75	March 23,2020	84 Months	Maturity	14.29	March 23,2027	NA
178	INE05F407283	69.80	May 25,2020	60 Months	Monthly	10.5	May 25,2025	NA
178	INE05F407291	20.00	May 25,2020	60 Months	Maturity	11.85	May 25,2025	NA
178	INE05F407309	22.00	May 25,2020	84 Months	Maturity	14.29	May 25,2027	NA
179	INE05F407325	166.65	July 16,2020	60 Months	Monthly	10	July 16,2025	NA
179	INE05F407317	46.00	July 16,2020	60 Months	Maturity	11.29	July 16,2025	NA
179	INE05F407333	21.00	July 16,2020	84 Months	Maturity	13.33	July 17, 2027	NA
180	INE05F407366	37.25	October 19,2020	60 Months	Monthly	9.25	October 19,2025	NA
180	INE05F407382	13.50	October 19,2020	96 Months	Maturity	12.5	October 19,2028	NA
181	INE05F407424	102.65	November 25,2020	60 Months	Monthly	10	November 25,2025	NA

Series	ISIN	Principal Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Maturity / Monthly	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating
181	INE05F407416	134.00	November 25,2020	60 Months	Maturity	10.75	November 25,2025	NA
181	INE05F407432	62.15	25-Nov-20	90 Months	Maturity	13.33	25-Nov-25	NA
182	INE05F407465	92.50	12-Jan-21	60 Months	Monthly	10	12-Jan-26	NA
182	INE05F407473	25.00	12-Jan-21	60 Months	Maturity	10.75	12-Jan-26	NA
182	INE05F407481	20.00	12-Jan-21	90 Months	Maturity	13.33	12-Jul-28	NA
183	INE05F407549	25.00	5-Jul-21	60 Months	Monthly	9.75	5-Jul-26	NA
183	INE05F407531	68.50	5-Jul-21	87 Months	Maturity	13.79	5-Oct-28	NA
184	INE05F407572	10.00	28-Sep-21	36 months	Maturity	9.75	28-Sep-24	NA
184	INE05F407598	14.50	28-Sep-21	87 Months	Maturity	13.79	28-Dec-28	NA
185	INE05F407622	15.00	11-Dec-21	36 months	Monthly	9.25	11-Dec-24	NA
185	INE05F407614	15.00	11-Dec-21	36 months	Maturity	9.75	11-Dec-24	NA
185	INE05F407630	88.00	11-Dec-21	60 Months	Monthly	9.75	11-Dec-26	NA
185	INE05F407606	30.00	11-Dec-21	60 Months	Maturity	10.75	11-Dec-26	NA
185	INE05F407648	73.00	11-Dec-21	87 Months	Maturity	13.79	11-Mar-29	NA
186	INE05F407713	5.00	15-Feb-22	36 Months	Monthly	8	15-Feb-25	NA
186	INE05F407697	30.00	15-Feb-22	60 Months	Monthly	9	15-Feb-27	NA
186	INE05F407705	10.00	15-Feb-22	60 Months	Maturity	10.12	15-Feb-27	NA
187	INE05F407788	31.00	15-Mar-22	36 months	Monthly	8	15-Mar-25	NA

Series	ISIN	Principal Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Maturity / Monthly	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating
187	INE05F407770	15.50	15-Mar-22	60 Months	Monthly	8.5	15-Mar-27	NA
187	INE05F407804	19.00	15-Mar-22	36 months	Maturity	9.04	15-Mar-25	NA
187	INE05F407796	5.00	15-Mar-22	60 Months	Maturity	9.6	15-Mar-27	NA
188	INE05F407812	2.00	31-Mar-22	36 months	Monthly	8	31-Mar-25	NA
188	INE05F407861	15.95	31-Mar-22	60 Months	Monthly	8.5	31-Mar-27	NA
188	INE05F407887	5.00	31-Mar-22	36 months	Maturity	9.04	31-Mar-25	NA
188	INE05F407879	10.00	31-Mar-22	60 Months	Maturity	9.6	31-Mar-27	NA
189	INE05F407937	26.10	11-Jun-22	36 months	Maturity	9.04	11-Jun-25	NA
189	INE05F407960	30.00	11-Jun-22	60 Months	Maturity	9.75	11-Jun-27	NA
190	INE05F407978	48.50	8-Aug-22	36 months	Monthly	9	8-Aug-25	NA
190	INE05F407994	46.10	8-Aug-22	60 Months	Monthly	9.5	8-Aug-27	NA
190	INE05F407986	70.00	8-Aug-22	36 months	Maturity	10	8-Aug-25	NA
190	INE05F407AA0	121.00	8-Aug-22	60 Months	Maturity	11	8-Aug-27	NA
191	INE05F407AB8	54.00	21-Sep-22	36 months	Monthly	9	21-Sep-25	NA
191	INE05F407AD4	98.00	21-Sep-22	60 Months	Monthly	9.5	21-Sep-27	NA
191	INE05F407AC6	30.00	21-Sep-22	36 months	Maturity	10	21-Sep-25	NA
191	INE05F407AE2	15.00	21-Sep-22	60 Months	Maturity	11	21-Sep-27	NA
192	INE05F407AF9	100.00	1-Feb-23	60 Months	Monthly	10.5	1-Feb-28	NA

Series	ISIN	Principal Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Maturity / Monthly	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating
193	INE05F407AL7	5.00	20-Mar-23	18 Months	Maturity	9.5	20-sep-24	NA
193	INE05F407AK9	33.00	20-Mar-23	36 months	Monthly	9.75	20-Mar-26	NA
193	INE05F407AG7	53.50	18-Mar-23	60 Months	Monthly	10.25	18-Mar-28	NA
193	INE05F407AH5	58.00	20-Mar-23	36 months	Maturity	10.75	20-Mar-26	NA
193	INE05F407AI3	14.00	20-Mar-23	60 Months	Maturity	11.75	20-Mar-28	NA
194	INE05F407AN3	10.00	31-Mar-23	18 Months	Monthly	9.25	30-Sep-24	NA
194	INE05F407AM5	14.00	31-Mar-23	18 Months	Maturity	9.5	30-Sep-24	NA
194	INE05F407AQ6	33.00	31-Mar-23	60 Months	Monthly	10.25	30-Mar-28	NA
194	INE05F407AP8	15.00	31-Mar-23	36 months	Maturity	10.75	31-Mar-26	NA
194	INE05F407AO1	25.00	31-Mar-23	60 Months	Maturity	11.75	31-Mar-28	NA
195	INE05F407AT0	30.00	1-jul-23	18 Months	Monthly	9.25	1-Jan-25	NA
195	INE05F407AS2	30.50	1-Jul-23	18 Months	Annually	9.5	1-Jan-25	NA
195	INE05F407AR4	65.00	1-Jul-23	36 months	Monthly	9.75	1-Jul-26	NA
195	INE05F407AU8	70.00	1-Jul-23	36 months	Annually	10.75	1-Jul-26	NA
196	INE05F407AW4	7.41	1-Aug-23	12 Months	Annually	9.7	1-Aug-24	NA
196	INE05F407AY0	8.00	1-Aug-23	36 months	Monthly	9.75	1-Aug-26	NA
196	INE05F407AV6	20.00	1-Aug-23	36 months	Annually	10.75	1-Aug-26	NA
197	INE05F407BU6	18.00	1-Sep-23	18 Months	Monthly	9.5	1-Mar-25	NA

Series	ISIN	Principal Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Maturity / Monthly	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating
197	INE05F407BV4	20.00	1-Sep-23	18 Months	Maturity	9.7	1-Mar-25	NA
197	INE05F407BX0	6.00	1-Sep-23	36 months	Monthly	9.75	1-Sep-26	NA
197	INE05F407BW2	5.00	1-Sep-23	24 Months	Maturity	10	1-Sep-25	NA
198	INE05F407BY8	29.00	9-Oct-23	36 months	Monthly	9.75	9-Oct-26	NA
Total Principal Outstanding		**2,944.86**						
Add: Interest Accrued		482.30						
Less: Unclaimed matured Debentures		54.64						
Net Outstanding		**3,372.52**						

ii) Secured Redeemable non-convertible debentures (public issue):

Our Company has issued by way of public issue, secured, unlisted, redeemable, non-convertible debentures of which Rs. 24,126.95 Lakhs is outstanding as on September 30, 2024 the details of which are set forth below:

Public Issue	Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating	Monthly/ Maturity
NCD Public Issue 1	I	INE05F407BD2	564.31	December 21, 2023	367 Days	9.50%	December 20, 2024	IND BBB/Stable	Monthly
NCD Public Issue 1	I	INE05F407BK7	362.72	December 21, 2023	367 Days	10.00%	December 20, 2024	IND BBB/Stable	Monthly
NCD Public Issue 1	II	INE05F407BA8	870.58	December 21, 2023	367 Days	9.50%	December 20, 2024	IND BBB/Stable	Cumulative
NCD Public Issue 1	II	INE05F407BR2	515.27	December 21, 2023	367 Days	10.00%	December 20, 2024	IND BBB/Stable	Cumulative

Public Issue	Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating	Monthly/ Maturity
NCD Public Issue 1	III	INE05F407BE0	353.41	December 21, 2023	18 Months	9.65%	June 21, 2025	IND BBB/Stable	Monthly
NCD Public Issue 1	III	INE05F407BS0	235.61	December 21, 2023	18 Months	10.15%	June 21, 2025	IND BBB/Stable	Monthly
NCD Public Issue 1	IV	INE05F407BC4	344.63	December 21, 2023	18 Months	9.65%	June 21, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 1	IV	INE05F407BT8	260.18	December 21, 2023	18 Months	10.15%	June 21, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 1	V	INE05F407BF7	204.27	December 21, 2023	24 Months	9.75%	December 21, 2025	IND BBB/Stable	Monthly
NCD Public Issue 1	V	INE05F407BN1	254.98	December 21, 2023	24 Months	10.25%	December 21, 2025	IND BBB/Stable	Monthly
NCD Public Issue 1	VI	INE05F407BI1	148.11	December 21, 2023	24 Months	9.75%	December 21, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 1	VI	INE05F407BP6	116.16	December 21, 2023	24 Months	10.25%	December 21, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 1	VII	INE05F407BG5	1,046.72	December 21, 2023	36 Months	10.25%	December 21, 2026	IND BBB/Stable	Monthly
NCD Public Issue 1	VII	INE05F407BM3	881.42	December 21, 2023	36 Months	10.75%	December 21, 2026	IND BBB/Stable	Monthly
NCD Public Issue 1	VIII	INE05F407BH3	381.38	December 21, 2023	36 Months	10.25%	December 21, 2026	IND BBB/Stable	Cumulative
NCD Public Issue 1	VIII	INE05F407BO9	268.86	December 21, 2023	36 Months	10.75%	December 21, 2026	IND BBB/Stable	Cumulative
NCD Public Issue 1	IX	INE05F407BB6	1,188.78	December 21, 2023	60 Months	10.50%	December 21, 2028	IND BBB/Stable	Monthly

Public Issue	Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating	Monthly/ Maturity
NCD Public Issue 1	IX	INE05F407BL5	1,030.72	December 21, 2023	60 Months	11.00%	December 21, 2028	IND BBB/Stable	Monthly
NCD Public Issue 1	X	INE05F407BJ9	37.01	December 21, 2023	60 Months	10.50%	December 21, 2028	IND BBB/Stable	Cumulative
NCD Public Issue 1	X	INE05F407BQ4	104.05	December 21, 2023	60 Months	11.00%	December 21, 2028	IND BBB/Stable	Cumulative
NCD Public Issue 1	XI	INE05F407AZ7	1,251.32	December 21, 2023	75 Months	11.00%	March 21, 2030	IND BBB/Stable	Cumulative
NCD Public Issue 2	S01	INE05F407BZ5	842.53	May 27, 2024	367 DAYS	10.50	May 29, 2025	IND BBB/Stable	Monthly
NCD Public Issue 2	S02	INE05F407CA6	653.35	May 27, 2024	367 DAYS	10.60	May 29, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 2	S07	INE05F407CB4	1,151.83	May 27, 2024	36 Months	10.75	May 27, 2027	IND BBB/Stable	Monthly
NCD Public Issue 2	S10	INE05F407CC2	112.76	May 27, 2024	60 Months	10.63	May 27, 2029	IND BBB/Stable	Cumulative
NCD Public Issue 2	S08	INE05F407CD0	349.50	May 27, 2024	36 Months	10.66	May 27, 2027	IND BBB/Stable	Cumulative
NCD Public Issue 2	S11	INE05F407CE8	784.84	May 27, 2024	75 Months	11.73	July 27, 2030	IND BBB/Stable	Cumulative
NCD Public Issue 2	S04	INE05F407CF5	222.24	May 27, 2024	18 Months	10.34	November 26, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 2	S06	INE05F407CG3	142.81	May 27, 2024	24 Months	10.45	May 27, 2026	IND BBB/Stable	Cumulative
NCD Public Issue 2	S09	INE05F407CH1	732.43	May 27, 2024	60 Months	10.80	May 27, 2029	IND BBB/Stable	Monthly

Public Issue	Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Tenure / Period of Maturity	Coupon (p.a.) in %	Redemption date/ schedule	Credit Rating	Monthly/ Maturity
NCD Public Issue 2	S05	INE05F407CI9	250.90	May 27, 2024	24 Months	10.60	May 27, 2026	IND BBB/Stable	Monthly
NCD Public Issue 2	S03	INE05F407CJ7	145.37	May 27, 2024	18 Months	10.50	November 26, 2025	IND BBB/Stable	Monthly
NCD Public Issue 3	S02	INE05F407CK5	811.07	September 11, 2024	400 Days	10.80	October 16, 2025	IND BBB/Stable	Cumulative
NCD Public Issue 3	S08	INE05F407CL3	71.30	September 11, 2024	60 Months	11.03	September 11, 2029	IND BBB/Stable	Cumulative
NCD Public Issue 3	S05	INE05F407CM1	2,556.90	September 11, 2024	36 Months	11.25	September 11, 2027	IND BBB/Stable	Monthly
NCD Public Issue 3	S04	INE05F407CN9	286.42	September 11, 2024	20 Months	10.77	May 11, 2026	IND BBB/Stable	Cumulative
NCD Public Issue 3	S07	INE05F407CO7	1,473.70	September 11, 2024	60 Months	11.50	September 11, 2029	IND BBB/Stable	Monthly
NCD Public Issue 3	S03	INE05F407CP4	276.18	September 11, 2024	20 Months	10.80	May 11, 2026	IND BBB/Stable	Monthly
NCD Public Issue 3	S06	INE05F407CQ2	447.79	September 11, 2024	36 Months	11.08	September 11, 2027	IND BBB/Stable	Cumulative
NCD Public Issue 3	S09	INE05F407CR0	1,171.50	September 11, 2024	73 Months	12.07	October 11, 2030	IND BBB/Stable	Cumulative
NCD Public Issue 3	S01	INE05F407CS8	1,253.65	September 11, 2024	400 Days	10.70	October 16, 2025	IND BBB/Stable	Monthly
Total Principal Outstanding			**24,157.56**						
Add: Interest Accrued			480.76						
Less: EIR Adjustment under Ind AS 109			511.37						
Net Outstanding Amount			**24,126.95**						

d. Collateralised borrowing and lending obligation

As on September 30, 2024 our Company has no outstanding collateralised borrowing and lending obligations.

e. Corporate Guarantee

Our Company has not issued any corporate guarantee as on September 30, 2024.

f. Details of unsecured borrowings:

1. Commercial Papers

Our Company has not issued any commercial papers as on September 30, 2024.

2. Inter-Corporate Deposits

Our Company has not borrowed any amount by way of inter-corporate deposits as on September 30, 2024.

3. Inter-Corporate Loans

Our Company has not borrowed any amount by way of demand loans under the same management as on September 30, 2024.

4. Loan from Directors and Relatives of Directors:

As on September 30, 2024 our Company has no outstanding on loan from directors.

5. Subordinated Debts

Our Company has issued on private placement basis, unsecured, redeemable, subordinated debts under various series of which Rs.22,771.15 lakhs is cumulatively outstanding as on September 30, 2024, the details of which are set forth below:

Subordinate Debt Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Maturity/Monthly	Tenure	Interest rate	Credit Rating
2	NA	1.00	22-Apr-19	Maturity	60 Months	11.81	NA
3	NA	9.65	17-Jul-19	Monthly	60 Months	9.5	NA
4	NA	3.00	9-Aug-19	Maturity	60 Months	11.81	NA
5	NA	140.44	4-Sep-19	Monthly	60 Months	10	NA
5	NA	37.53	9-Sep-19	Maturity	60 Months	11.85	NA
6	NA	266.90	3-Oct-19	Monthly	60 Months	10	NA
6	NA	262.08	3-Oct-19	Maturity	60 Months	11.85	NA
7	NA	409.77	1-Nov-19	Monthly	60 Months	10	NA
7	NA	300.37	1-Nov-19	Maturity	60 Months	11.29	NA
8	NA	457.12	2-Dec-19	Monthly	60 Months	10	NA
8	NA	257.59	2-Dec-19	Maturity	60 Months	11.29	NA
9	NA	383.14	1-Jan-20	Monthly	60 Months	10	NA
9	NA	249.20	1-Jan-20	Maturity	60 Months	11.29	NA
10	NA	306.29	1-Feb-20	Monthly	60 Months	10	NA
10	NA	138.64	3-Feb-20	Maturity	60 Months	11.29	NA
11	NA	186.23	3-Mar-20	Monthly	60 Months	10	NA

Subordinate Debt Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Maturity/Monthly	Tenure	Interest rate	Credit Rating
11	NA	101.27	3-Mar-20	Maturity	60 Months	11.29	NA
12	NA	337.54	20-Apr-2020	Monthly	60 Months	10	NA
12	NA	342.57	20-Apr-2020	Maturity	60 Months	11.29	NA
13	NA	119.05	20-May-2020	Monthly	60 Months	10	NA
13	NA	118.25	20-May-2020	Maturity	60 Months	11.29	NA
14	NA	214.84	01-Jun-2020	Monthly	60 Months	9.75	NA
14	NA	138.81	01-Jun-2020	Maturity	60 Months	10.97	NA
15	NA	192.24	01-Jul-2020	Monthly	60 Months	9.75	NA
15	NA	139.47	01-Jul-2020	Maturity	60 Months	10.97	NA
16	NA	10.00	03-Aug-2020	Monthly	60 Months	9	NA
16	NA	404.41	03-Aug-2020	Monthly	60 Months	9.75	NA
16	NA	356.96	03-Aug-2020	Maturity	60 Months	10.97	NA
17	NA	188.94	02-Sep-2020	Monthly	60 Months	9	NA
17	NA	129.36	02-Sep-2020	Maturity	60 Months	9.75	NA
18	NA	168.23	03-Oct-2020	Monthly	60 Months	9.25	NA
18	NA	162.30	03-Oct-2020	Maturity	60 Months	10	NA
19	NA	468.36	02-Nov-2020	Monthly	60 Months	9.85	NA
19	NA	262.57	02-Nov-2020	Maturity	60 Months	10.5	NA
20	NA	234.09	02-Dec-2020	Monthly	60 Months	9.85	NA

Subordinate Debt Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Maturity/Monthly	Tenure	Interest rate	Credit Rating
20	NA	76.95	02-Dec-2020	Maturity	60 Months	10.5	NA
21	NA	743.56	01-Jan-2021	Monthly	60 Months	10.25	NA
21	NA	240.44	01-Jan-2021	Maturity	60 Months	11	NA
22	NA	615.97	01-Feb-2021	Monthly	60 Months	10.25	NA
22	NA	198.04	01-Feb-2021	Maturity	60 Months	11	NA
23	NA	71.75	03-Mar-2021	Monthly	60 Months	9.2	NA
23	NA	54.06	03-Mar-2021	Maturity	60 Months	10.45	NA
24	NA	370.48	22-Mar-2021	Monthly	60 Months	10.25	NA
24	NA	91.26	22-Mar-2021	Maturity	60 Months	11	NA
25	NA	253.49	21-Apr-2021	Monthly	60 Months	10.25	NA
25	NA	38.00	21-Apr-2021	Maturity	60 Months	11	NA
26	NA	294.42	24-May-2021	Monthly	60 Months	10	NA
26	NA	27.30	24-May-2021	Maturity	60 Months	11	NA
27	NA	253.42	21-Jun-2021	Monthly	60 Months	10	NA
27	NA	2.00	21-Jun-2021	Maturity	60 Months	10	NA
27	NA	67.46	21-Jun-2021	Maturity	60 Months	11	NA
28	NA	213.30	21-Jul-2021	Monthly	60 Months	10	NA
28	NA	84.29	21-Jul-2021	Maturity	60 Months	11	NA
29	NA	287.48	20-Aug-2021	Monthly	60 Months	10	NA

Subordinate Debt Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Maturity/Monthly	Tenure	Interest rate	Credit Rating
29	NA	86.05	20-Aug-2021	Maturity	60 Months	11	NA
30	NA	316.82	20-Sep-2021	Monthly	60 Months	10	NA
30	NA	90.05	20-Sep-2021	Maturity	60 Months	11	NA
31	NA	396.48	20-Oct-2021	Monthly	60 Months	10	NA
31	NA	78.55	20-Oct-2021	Maturity	60 Months	11	NA
32	NA	186.40	19-Nov-2021	Monthly	60 Months	9	NA
32	NA	48.30	19-Nov-2021	Maturity	60 Months	10	NA
33	NA	254.40	20-Dec-2021	Monthly	60 Months	9	NA
33	NA	109.39	20-Dec-2021	Maturity	60 Months	10	NA
34	NA	83.05	20-Jan-2022	Monthly	60 Months	9	NA
34	NA	57.27	20-Jan-2022	Maturity	60 Months	10	NA
35	NA	55.45	02-Feb-2022	Monthly	60 Months	8	NA
35	NA	24.10	02-Feb-2022	Maturity	60 Months	9	NA
36	NA	8.50	04-Mar-2022	Monthly	60 Months	8	NA
36	NA	5.80	04-Mar-2022	Maturity	60 Months	9	NA
37	NA	630.69	19-Jul-2022	Monthly	60 Months	9.5	NA
37	NA	475.90	19-Jul-2022	Maturity	60 Months	11	NA
38	NA	166.75	19-Aug-2022	Monthly	60 Months	9.5	NA
38	NA	78.81	19-Aug-2022	Maturity	60 Months	11	NA

Subordinate Debt Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Maturity/Monthly	Tenure	Interest rate	Credit Rating
39	NA	453.44	27-Sep-2022	Monthly	60 Months	10	NA
39	NA	400.91	27-Sep-2022	Maturity	60 Months	12	NA
40	NA	630.45	28-Oct-2022	Monthly	60 Months	10.25	NA
40	NA	287.96	28-Oct-2022	Maturity	60 Months	12	NA
41	NA	366.30	28-Nov-2022	Monthly	60 Months	10.25	NA
41	NA	238.10	28-Nov-2022	Maturity	60 Months	12	NA
42	NA	242.07	26-Dec-2022	Monthly	60 Months	10.25	NA
42	NA	165.31	26-Dec-2022	Maturity	60 Months	12	NA
43	NA	305.02	25-Jan-2023	Monthly	60 Months	10.5	NA
43	NA	162.28	25-Jan-2023	Maturity	60 Months	12	NA
44	NA	248.46	25-Feb-2023	Monthly	60 Months	10.5	NA
44	NA	108.85	25-Feb-2023	Maturity	60 Months	12	NA
45	NA	204.38	27-Mar-2023	Monthly	60 Months	10.5	NA
45	NA	75.96	27-Mar-2023	Maturity	60 Months	12	NA
46	NA	188.60	26-Apr-2023	Monthly	60 Months	10.5	NA
46	NA	81.88	26-Apr-2023	Maturity	60 Months	12	NA
47	NA	148.64	29-May-2023	Monthly	60 Months	10	NA
47	NA	36.56	29-May-2023	Maturity	60 Months	11	NA
48	NA	378.91	30-Jun-2023	Monthly	60 Months	10	NA

Subordinate Debt Series	ISIN	Amount Outstanding (Rs in Lakhs)	Date of Allotment	Maturity/Monthly	Tenure	Interest rate	Credit Rating
48	NA	76.12	30-Jun-2023	Maturity	60 Months	11	NA
49	NA	142.97	29-Jul-2023	Monthly	60 Months	10	NA
49	NA	54.80	29-Jul-2023	Maturity	60 Months	11	NA
50	NA	363.95	29-May-2024	Monthly	60 Months	12	NA
50	NA	88.43	29-May-2024	Maturity	60 Months	14	NA
51	NA	232.05	28-Jun-2024	Monthly	60 Months	12	NA
51	NA	50.65	28-Jun-2024	Maturity	60 Months	14	NA
52	NA	3.00	13-Sep-2024	Monthly	60 Months	11	NA
52	NA	195.15	13-Sep-2024	Monthly	60 Months	11.5	NA
52	NA	0.50	13-Sep-2024	Maturity	60 Months	12.85	NA
52	NA	147.40	13-Sep-2024	Maturity	60 Months	13.75	NA
Total Principal Outstanding		**20,713.74**					
Add: Interest Accrued		2,348.16					
Less: Unclaimed Matured Subordinate Liabilities		290.75					
Net Outstanding Amount		**22,771.15**					

6. Perpetual Debt Instrument

Company has no outstanding on perpetual debts on September 30, 2024

7. Details of Unsecured Term Loans

Our Company has not availed any unsecured term loan facilities as on September 30, 2024.

Name of Lender	Type of Facilities	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Credit Rating, if applicable
NIL					

Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or debt securities

The Company confirms that there has not been any servicing behaviour on existing debt securities, payment of due interest on due dated on financing facilities or debt securities as on the date of Draft Prospectus.

Details of all defaults and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company in the preceding three years and the current financial year.

As on the date of this Draft Prospectus, there has been no rescheduling, default and/or delay in payment of principal or interest on any existing term loan, debt security(ies), commercial paper (including technical delay) or any other financial indebtedness including corporate guarantee or letter of comfort issued by the Issuer in the past three years and the current financial year.

Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2024

Company has nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2024.

Details of bank fund-based facilities /rest of borrowings (if any, including hybrid debt instruments such as foreign currency convertible bonds (FCCB) or optionally convertible debentures and preference shares from financial institutions or financial creditors as on September 30, 2024

Company does not have any bank fund-based facilities /rest of borrowings (if any, including hybrid debt instruments such as foreign currency convertible bonds or optionally convertible debentures and preference shares from financial institutions or financial creditors, as on September 30, 2024.

Restrictive covenants under the financing arrangements:

Many of the financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender/Debenture Trustee before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

(i) To declare/pay any dividend to the shareholders/stake holders.
(ii) To repay monies brought in by the promoters / directors/principal shareholders and friends and relatives by way of deposits / loans / advances.
(iii) Effect any change in the constitution of the organisation.
(iv) Effect any change in the Unit's Capital Structure where shareholding of existing promoter(s) is diluted.
(v) Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
(vi) Formulate any scheme of amalgamation or reconstruction or merger or demerger.
(vii) Invest by way of share capital or lend or advance funds to or place deposits with any other concern (including group companies). However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
(viii) Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
(ix) Undertake guarantee obligations on behalf of any other company, firm, director or person.
(x) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
(xi) Transfer of controlling interest or effect any drastic change in their management setup including resignation of directors, promoters, key managerial personnel.
(xii) Securitization of loan assets of the Company.
(xiii) Effect any change in the remuneration payable to the Directors / Partners, etc.either in the form of siting fees or otherwise.
(xiv) Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the Bank.
(xv) Create any further charge, lien or encumbrance over the assets and properties of the Unit/ Guarantors to be charged / charged to the Bank in favour of any other bank, Financial Institution, firm or person.
(xvi) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
(xvii) Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
(xviii) Open any account with any other bank.
(xix) Undertake any expansion/ modernization/ diversification programme/new line of business or manufacture other than incurring routine capital expenditure.
(xx) Change the accounting system/ policies in regard to stock valuation, depreciation of fixed assets, payment of dividends etc.
(xxi) Enter into contractual obligation of a long-term nature for an unrelated activity.
(xxii) Issuance of Bank guarantees with auto renewal clause except in favour of government departments for business purposes.
(xxiii) Approach Capital market for mobilizing additional resources in form of debt or equity.

SECTION VI - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on November 05, 2024, the Board of Directors approved the issuance of NCDs of the face value ₹1,000 each for an amount aggregating up to ₹7,500 lakhs ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 7,500 lakh, aggregating up to ₹ 15,000 lakh ("**Issue Size**" or "**Issue Limit**").

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the Shareholders' *vide* their resolution passed at their AGM held on September 30, 2024.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the applicable provisions of Companies Act, 2013, the Memorandum of Association and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust cum Hypothecation Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. We have received necessary consents from the relevant lenders, debenture trustees and security trustees for creating an exclusive charge in favour of the Debenture Trustee in relation to the NCDs.

In terms of the SEBI Master Circular for Debenture Trustees, our Company is required to obtain permissions or consents from or provide intimations to the prior creditors for proceeding with this Issue, if pari passu security is sought to be created. However, exclusive charge by way of hypothecation of identified book debts of the Company is being provided as security for this Issue and these assets have no prior charge by any creditor of our Company.

Security

The Issue comprises of public issue of NCDs of face value of ₹ 1,000 each.

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

Prior to the filing of the listing application as prescribed under SEBI Regulations and other Applicable Laws, our Company will ensure 100.00% or higher security cover on the outstanding amount, including interest, for the NCDs at any time, by creating security in favour of the Debenture Trustee for the Debenture Holders.

In terms of the SEBI Master Circular for Debenture Trustees, our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a Debenture Trust cum Hypothecation Deed with the Debenture Trustee for the benefit of the NCD Holders, ("**Debenture Trust cum Hypothecation Deed**"), before the filing of listing application as prescribed under SEBI Regulations and other applicable laws. The terms of the Debenture Trust cum Hypothecation Deed shall govern the appointment of the Debenture Trustee and the issue of the NCDs.

Under the terms of the Debenture Trust cum Hypothecation Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Draft Prospectus and in the Debenture Trust cum Hypothecation Deed.

The Debenture Trust cum Hypothecation Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value subject to in accordance with Applicable Law(s).

Our Company confirms that the Issue proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Debenture Trust cum Hypothecation Deed, is executed.

The NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and/or RoC or CERSAI or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee. Further, in the event our Company fails to execute the Debenture Trust cum Hypothecation Deed within a timeline specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust cum Hypothecation Deed.

Debenture Redemption Reserve

Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Recovery Expense Fund

Pursuant to SEBI Master Circular for Debenture Trustee, as amended, our Company is required to create a recovery expense fund. Our Company shall deposit in the recovery expense fund an amount equal to 0.01% of the issue size, subject to maximum of ₹25 lakhs.

Settlement Guarantee Fund

Our Company will deposit amounts in the settlement guarantee fund in the manner as specified in the SEBI Master Circular, if applicable. This fund has been created under the SEBI Master Circular to ensure upfront

collection of charges from eligible issuers at the time of allotment of debt securities

Face Value

The face value of each NCD to be issued under this Issue shall be ₹ 1,000.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of the NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of Association and Articles of Association and/or the Debenture Trust cum Hypothecation Deed, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on NCD Holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust cum Hypothecation Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of Debenture Trust cum Hypothecation Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, , the terms and conditions of the Debenture Trust cum Hypothecation Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to this issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. Subject to SEBI RTA Master Circular, for NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depositories. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any NCD in dematerialised form under Section 11 of the

Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders as given thereunder.

6. A register of NCD Holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue ("**Register of NCD Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date.

7. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days' prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Draft Prospectus, the Debenture Trust cum Hypothecation Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the NCD Holders

We have appointed MITCON Credentia Trusteeship Services Limited to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust cum Hypothecation Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us, within such period as specified under Regulation 18 of the SEBI NCS Regulations and on failure to do the same, we shall pay interest of at least two percent per annum to the NCD Holder(s), over and above the agreed coupon rate, till the execution of the trust deed, with respect to the NCDs. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. It is it the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

Events of Default

Subject to the terms of the Debenture Trust cum Hypothecation Deed, the Debenture Trustee at its discretion may, take any actions in respect of Chapter X (Breach of Covenants, Default and Remedies) of the SEBI Debenture Trustees Master Circular in accordance with the provisions, inter alia, if any of the events listed below occurs.

The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust cum Hypothecation Deed:

Indicative list of Events of Default:

As Specified in the Prospectus

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of Base Issue being ₹5,625 lakhs, within the prescribed timelines under the Companies Act and any rules thereto, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight working days from the Issue Closing Date or such time as may be specified by the Board. In the event the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within eight working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period. In the event of failure to list such securities within such days from the date of closure of issue as may be specified by the Board (scheduled listing date), all application moneys received or blocked in the public issue shall be refunded or unblocked forthwith within two working days from the scheduled listing date to the applicants through the permissible modes of making refunds and unblocking of funds. For delay in refund/unblocking of funds beyond the timeline as specified above, the issuer shall be liable to pay interest at the rate of fifteen percent per annum to the investors from the scheduled listing date till the date of actual payment.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialized form. As per the SEBI NCS Regulations, the trading of the NCDs is in dematerialised form and the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form multiples of one NCD. For further details of Allotment, see the "*Issue Procedure*" beginning on page 195.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole NCD Holder, or first NCD Holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the Form No. SH.13, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in Form No. SH.13 any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in Form No. SH.14, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with

the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with the Section 72 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the NCDs; or

- to make such transfer of the NCDs, as the deceased holder could have made.

A person, being a nominee, becoming entitled to NCDs by reason of the death of the holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered holder of the NCDs except that he shall not, before being registered as a holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred. Further, our Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board of Directors may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant. A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Secured NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of Secured NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Applicants who have opted for rematerialisation of NCDs and are holding the NCDs in the physical form should provide required details in connection with their nominee to our Company.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Thiruvananthapuram, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 195.

Transfer/ Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depositories and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

For further details, see "*Issue Structure*" beginning on page 188, for the implications on the interest applicable to NCDs held by individual NCD Holders on the Record Date and NCDs held by non-individual NCD Holders on the Record Date. NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only. The procedure for transmission of securities has been further simplified vide the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) bearing Notification no. SEBI/HO/CFD/PoD2/CIR/P/00155 dated November 11, 2024.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCDs held in physical form pursuant to rematerialization, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person, as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

No transfer of title of an NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners maintained by the Depositories prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the relevant provisions of the Companies Act, 2013, shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Register of NCD Holders

No transfer of title of NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and

transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Maintenance of Accounts

The Company shall maintain proper books of account as required by the Companies Act, and make true and proper entries therein of all dealings and transactions of and in relation to the Movable Properties and the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating to the Security and the business of the Company shall at all reasonable times be open for inspection of the Debenture Trustee without any condition and such person or persons as the Debenture Trustee shall, from time to time, in writing for that purpose appoint.

Annual Accounts

The Company shall submit to the Debenture Trustee its duly audited annual accounts, as prescribed under the SEBI Listing Regulations. In case statutory audit is not likely to be completed during this period, the Company shall get its accounts audited by an independent firm of chartered accountants and furnish the same to the Debenture Trustee.

Insurance

The Company shall insure and keep insured up to the replacement value thereof or on such other basis as approved by the Trustee, the Movable Properties against fire, theft, lightning, explosion, earthquake, strike, lock out, civil commotion, storm, tempest, flood, marine risk, erection risk, war risk and other risk as may be specified by the Trustee and shall duly pay all premium and other sums payable for the purpose. The insurance in respect of the Movable Properties shall be taken in the joint names of the Company the Trustee and any other person having a pari passu charge on the Movable Properties and acceptable to the Trustee. The Company shall submit copies of such insurance policies and renewals thereof with the Trustee. The Company shall deliver to the Trustee an Auditors' Certificate as and when requested by the Trustee certifying the adequacy of insurance coverage for the assets provided as security. In the event of failure on the part of the Company to insure the Movable Properties or to pay the insurance premium or other sums referred to above, the Trustee may, but shall not be bound to, get the Movable Property insured or pay the insurance premium and other sums referred to above, which shall be reimbursed to the Trustee by the Company.

Dividend Declaration

The Company shall not declare any dividend to the shareholders in any year until the company has paid or made satisfactory provision for the payment of the instalments of principal and interest due on the debentures.

Payment of Duties

The Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable and when required by the Debenture Trustees produce the receipts of such payment and also punctually pay and discharge all debts and obligations and liabilities which may have priority over the security created and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of the Security or any part thereof.

Notice of distribution of profits

The Company shall inform the Debenture Trustee prior to declaration or distribution of dividend by the Company.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after

obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased NCD Holder. He shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

Subject to SEBI RTA Master Circular, Debenture Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. However, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Period of Subscription

Issue Opening Date	As Specified in the Prospectus
Issue Closing Date	As Specified in the Prospectus
Pay In Date	Application Date. The entire Application Amount is payable on Application
Deemed Date of Allotment	The date on which the Board of Directors or the Committee thereof authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

[#] This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date

*(subject to a minimum period of two Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company ("**Board**") or Debenture Allotment Committee of the Board subject to compliance with Regulation 33A of the SEBI NCS Regulation. In the event of such early closure or extension to this Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue Closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details, see "General Information – Issue Programme" on page 41.*

Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 170 of this Draft Prospectus. It is clarified that the Applications not uploaded on the Stock Exchange Platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3:00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager, or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchange in accordance with the SEBI Master Circular. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any options of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those NCD Holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"Terms of the Issue – Manner of Payment of Interest / Redemption Amounts"* at page 181.

Taxation

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than 5,000 and interest is paid by way of account payee cheque).

Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company/ Registrar, at least 7 days before the relevant record date for payment of debenture interest;

b) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be Nil. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of 236 Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be Nil.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. Further, eligible NCD Holders other than resident individuals or resident HUF investors, the following documents should be submitted with the Company/ Registrar, at least 7 days before the relevant record date for payment of debenture interest (i) copy of registration certificate issued by the regulatory authority under which the investor is registered, (ii) self-declaration for non-deduction of tax at source, and (iii) such other document a may be required under the Income Tax Act, for claiming non-deduction / lower deduction of tax at source and/or specified by the Company/ Registrar, from time to time.

The aforesaid documents, as may be applicable, should be submitted at least 7 days before the relevant Record Date for payment of interest on the NCDs quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The aforesaid documents for claiming non-deduction or lower deduction of tax at source, as the case may be, shall be submitted to the Registrar as per below details or any other details as may be updated on the website of the Issuer at www.muthootenterprises.com or the Registrar at www.kfintech.com, from time to time.

The investors need to submit Form 15H/ 15G/certificate in original from the Assessing Officer for each Fiscal during the currency of the NCD to claim non-deduction or lower deduction of tax at source from interest on the NCD. Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated in the section titled "Issue Procedure" on page 195, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular is disclosed at page 299.

Maturity and Redemption

The NCDs issued pursuant to this Draft Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of [●] days from the Deemed Date of Allotment which will be disclosed at time of filing Prospectus. There is no put or call option available to any Investor.

Application Size

Each application should be for a minimum of 10 NCDs and multiples of one NCD thereof. The minimum application size for each application would be ₹ 10,000 (for all kinds of Options NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Draft Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of Interest / redemption amount as the case

may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no any responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "*Terms of Issue – Procedure for Re-materialization of NCDs*" on page 178.

The mode of payment of Interest/Redemption Amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of Interest / Redemption Amount, through:

   i. **Direct Credit**. Interest / Redemption Amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   ii. **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of Interest / Redemption Amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of Interest / Redemption Amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the Interest / Redemption Amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get Interest / Redemption Amount through NEFT or Direct Credit or RTGS.

   iii. **RTGS:** Applicants having a bank account with a participating bank and whose Interest / Redemption Amount exceeds ₹ 2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the Interest / Redemption Amount through RTGS. Such eligible Applicants who indicate their preference to receive Interest / Redemption Amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) working days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, Interest / Redemption Amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

   iv. **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the Interest / Redemption Amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of Interest / Redemption Amount will be made to the Applicants through this method.

   v. **Registered Post/Speed Post:** For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

   Please note that applicants are eligible to receive payments through the modes detailed in (i), (ii) (iii), and (iv) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

   Please note that our Company shall not be responsible to the holder of NCDs, for any delay in

receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the Depositories. In case of NCDs held in physical form on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company either through speed post, registered post.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the

NCD certificates would be deemed to have been cancelled. Also see "*Terms of Issue – Payment on Redemption*" on page 170.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven working days prior to the Record Date. In case the transfer documents are not lodged with us at least seven working days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

Impersonation

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

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

then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of Minimum Subscription (75% of the Base Issue, i.e. ₹ 5,625 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of the Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* its letter bearing reference number [●] dated [●] 2024. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such Options(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of this Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2024-25, the utilisation of the net proceeds of this Issue under a separate head along with details, if any, in relation to all such proceeds of this Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of this Issue.

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of

NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

ISSUE STRUCTURE

At the meeting of the Board of Directors of our Company held on November 05, 2024 approved the issuance of NCDs of face value of ₹1,000 each for an amount aggregating up to ₹7,500 lakhs ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 7,500 lakh, aggregating up to ₹ 15,000 lakh ("**Issue Size**" or "**Issue Limit**")

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in "*Terms of the Issue*" beginning on page 170.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Debt Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Draft Prospectus, the Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust cum Hypothecation Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the Term Sheet are as follows:

Security Name (Name of the non-convertible securities which includes (Coupon/ dividend, Issuer Name and maturity year)	MML NCD IV For Coupon and Maturity Year, please refer to '*Terms of NCDs*' on page 193.
Issuer	Muthoot Mercantile Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	MITCON Credentia Trusteeship Services Limited
Registrar to the Issue	KFin Technologies Limited
Type and nature of Instrument	Secured redeemable non-convertible debentures
Seniority	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The NCDs would constitute secured obligations of our Company and shall have first ranking *pari passu* charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.
Who can apply/Eligible Investors	**Category I** • Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations; • Scheduled commercial banks, co-operative banks, regional rural banks, and multilateral and bilateral development finance institutions which are authorised to invest in the NCDs; • Provident Funds of minimum corpus of ₹ 2,500 lakhs, Pension Funds of minimum corpus of ₹ 2,500 lakhs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident venture capital funds registered with SEBI; • Insurance Companies registered with the IRDA; • 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; • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; • Mutual Funds, registered with SEBI; and • Systemically Important NBFC registered with RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements. **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and Associations of Persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including Public/private charitable/ religious trusts which are authorised to invest in the NCDs; • Association of persons • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and • Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs. **Category III*#** • Resident Indian individuals; and • Hindu undivided families through the Karta. * Applications aggregating to a value not more than ₹ 5 lakhs. # *applications upto a value of ₹ 5 lakhs can be made only under the UPI Mechanism*
Stock Exchange proposed for listing of the NCDs	BSE Limited, the Designated Stock Exchange
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closing Date
Rating of the Instrument	

Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated	Rating Definition
India Ratings & Research Private Limited	Non-convertible debentures	IND BBB/Stable	July 23, 2024 read with revalidation letter dated November 21, 2024	₹15,000 lakhs	The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding

						timely servicing of financial obligations and carry moderate credit risk.

Issue Size	Public Issue by our Company of NCDs aggregating up to ₹7,500 lakhs with an option to retain over-subscription up to ₹7,500 lakhs, aggregating to a total of ₹ 15,000 lakhs.
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹5,625 lakhs
Base Issue	₹7,500 lakhs
Option to retain over subscription	Upto ₹7,500 lakhs
Mode of Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Objects of the Issue	Please see "*Objects of the Issue*" on page 48.
In case the Issuer is an NBFC and the objects of the Issue entail loan to any entity who is a 'group company'	NA
Details of the utilization of the proceeds of the Issue	Please see "*Objects of the Issue*" on page 48.
Coupon/Dividend Rate	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Step up/ Step down coupon rate	NA
Coupon payment frequency	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Coupon payment dates	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Cumulative/ non-cumulative, in case of dividend	NA
Coupon type (fixed, floating or other structure)	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	NA
Day count basis	Actual
Application Money	The entire Application Amount is payable on submitting the application.
Interest on Application Money	NA
Default interest Rate	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust cum Hypothecation Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust cum Hypothecation Deed .
Tenor	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Redemption Date	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Redemption Amount	Please see "*Issue Structure –Terms of the NCDs*" on page 193.
Redemption premium/ discount	NA
Issue Price	₹ 1,000
Discount at which security is issued and the effective yield as a result of such discount	NA
Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount	NA

Put date	NA
Put price	NA
Call date	NA
Call price	NA
Put notification time	NA
Call notification time	NA
Face Value	₹ 1,000
Minimum Application	10 NCDs i.e. ₹ 10,000 (across all options of NCDs)
In multiples, of	One NCD after the minimum application
Issue Timing	Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date as may be decided by the Board of Directors of our Company ("Board") or Debenture Committee of the Board. In the event of such early closure, our Company shall ensure that notice of such early closure is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in State of kerala where the registered office is located, with wide circulation on or before such earlier date of closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.
Issue Opening Date	As Specified in the Prospectus
Issue Closing Date	As Specified in the Prospectus
Issue Schedule	The Issue shall be open from [●], 2024 to [●] , 2024 with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier date of closure.
Date of earliest closing of the issue, if any	NA
Pay-in Date	Application Date. The entire Application Amount is payable on Application.
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Settlement Mode of the Instrument	Please refer to the chapter titled "*Terms of Issue - Payment on Redemption*" on page 170.
Depository	NSDL and CDSL
Disclosure of Interest/Dividend/redemption dates	NA
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.
All covenants of the Issue (including side letters, accelerated payment clause, etc)	The Company shall comply with the representations, affirmative covenants, negative covenants, financial covenants and reporting covenants as disclosed below under "*Issue Structure – Covenants of the Issue*" at page 194. Any covenants later added shall be disclosed on the websites of the Stock Exchange, where the NCDs are proposed to be listed. The Issuer has no side letter or accelerated payment clause with any debt securities holder.
Description regarding	The total value of the Non-Convertible Debentures (NCDs) to be issued,

Security (where applicable) including type of security (movable/ immovable/ tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation	including all due interest, costs, charges, fees, Debenture Trustee remuneration, and related expenses, will be secured. This security will be in the form of a first-ranking pari passu charge, on par with existing secured creditors. The charge will cover all current and future movable assets of the Company, such as book debts, receivables, cash, bank balances, other movable assets, and loans and advances. The value of the security will be equivalent to 100% of the outstanding NCDs plus any accrued interest. Without prejudice to the above, in the event our Company fails to execute the Debenture Trust cum Hypothecation Deed within the period prescribed by SEBI, and importantly, prior to the listing of the NCDs, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders. This interest is over and above the interest rate on the NCDs specified in the Prospectus, and will be payable until the execution of the Debenture Trust cum Hypothecation Deed. The security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s). For further details on date of creation of security/ likely date of creation of security minimum security cover etc., please see refer to "*Terms of the Issue- Security Cover*" below.
Replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the issue document	Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents.
Transaction documents	This Draft Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust cum Hypothecation Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust cum Hypothecation Deed, the Debenture Trusteeship Agreement, the Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. For further details, see "*Material Contracts and Documents for Inspection*" on page 296.
Conditions precedent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Events of default (including manner of voting/ conditions of joining inter creditor agreement)	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 173.
Creation of recovery expense fund	The Company shall deposit cash or cash equivalents including bank guarantees towards the contribution to Recovery Expense Fund with the Designated Stock Exchange at the time of making the application of the listing of NCDs and submit relevant documents evidencing the same to the Debenture Trustee from time to time. The Company shall ensure that the bank guarantees remains valid for a period of six months post the maturity date of the NCDs. The Company shall keep the bank guarantees in force and renew the bank guarantees at least seven working days before its expiry, failing which the Designated Stock Exchange shall invoke such bank guarantee.. For further details, please refer to the chapter titled "*Terms of*

	Issue – Recovery Expense Fund" on page 171.
Conditions for breach of covenants (as specified in Secured Debenture Trust cum Hypothecation Deed)	The conditions for breach of covenants will be finalised upon execution of the Debenture Trust cum Hypothecation Deed which shall be executed as per Regulation 18 of SEBI NCS Regulations.
Provisions related to Cross Default Clause	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 173.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of Issue*" on page 170.
Working Days convention/Day count convention/Effect of holidays on payment	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Risk factors pertaining to the Issue	Please see "*Risk Factors*" on page 16.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Thiruvananthapuram and Mumbai India.

Note:

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

(b) In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

(c) If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and the events which lead to such change will be disclosed by the Company.

(d) While the debt securities are secured to the extent of hundred percent of the amount of the principal and interest or as per the terms of the issue document, in favour of debenture trustee, it is the duty of the debenture trustee to monitor that the security is maintained

(e) The list of documents which have been executed in connection with the issue and subscription of debt securities shall be annexed.

(f) The issuer shall provide granular disclosures in their issue document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue". Further, the amount earmarked "General Corporate Purposes", shall not exceed twenty-five per cent. of the amount raised by the issuer in the proposed issue

Terms of the NCDs

As Specified in the Prospectus

Interest and Payment of Interest

As Specified in the Prospectus

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI Master Circular.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date. To be disclosed at the time of Draft Prospectus.

Terms of Payment

The entire face value per NCDs is payable on application. The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*" on page 181.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 195.

Covenants of the Issue

As Specified in the Prospectus

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the SEBI Master Circular issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs. Further, UPI Mechanism as a payment mechanism is applicable for the Issue, wherein a UPI Investor, may submit the Application Form with a SCSB or a Designated Intermediary or through the app/web-based interface platform of the Stock Exchange and use their bank account linked UPI ID for the purpose of blocking of funds, if the Application being made is for a value of ₹ 5 lakhs or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. An additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.
Further, pursuant to SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/128 dated September 24, 2024 all individual investors applying in public issue through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants), where the application amount is up to ₹ 5,00,000 shall only use UPI for the purpose of blocking of funds and provide his/ her bank account linked UPI ID in the bid-cum-application form submitted with intermediaries.

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. For further information, please see "Issue Procedure- Submission of Completed Application Forms" on page 195.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Please note that this section has been prepared based on the requirements notified the SEBI Master Circular and the notifications issued by BSE, in relation to the UPI Mechanism, dated December 28, 2020.

ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs, in the relevant ASBA accounts for the full Application Amount. Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Specific attention is drawn to the SEBI Master Circular which provides for all allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

Our Company and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Issue. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with the applicable law.

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND

UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS DRAFT PROSPECTUS / PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of the Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office;
(b) Offices of the Lead Manager/Syndicate Member;
(c) the CRTA at the Designated RTA Locations;
(d) the CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application upto ₹ 5 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the Companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹ 2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFC registered with RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹ 5 lakhs.

Category III*#

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹ 5 lakhs.*

 # applications upto a value of ₹ 5 lakhs can be made only under the UPI Mechanism.

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID, Client ID and where applicable the UPI ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
(c) Persons resident outside India and other foreign entities;
(d) Foreign Portfolio Investors;
(e) Foreign Venture Capital Investors;
(f) Qualified Foreign Investors;
(g) Overseas Corporate Bodies; and
(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "*Issue Procedure – Rejection of Applications*" on page 216 for information on rejection of Applications.

Method of Application

Eligible investor desirous of applying in the Issue can make Applications through the ASBA mechanism only.

Further, the Application may also be submitted through the app or web interface developed by Stock Exchange wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form (except the Bid cum Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Syndicate Members at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms (except a Bid cum Application Form from RIIs using the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained.

Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RII who is not Bidding using the UPI Mechanism.

For RIIs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Issue for purpose of reconciliation.

Pursuant to SEBI Circular No: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/128 dated September 24, 2024, all individual investors applying in public issues where the application amount is up to ₹5,00,000 shall use UPI and shall also provide their UPI ID in the bid cum application form submitted with any of the entities mentioned herein below:

1. a syndicate member;
2. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);
3. a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);
4. a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

RIIs using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

RIIs using UPI Mechanism, submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only the UPI ID is mentioned in the field for Payment Details in the Bid cum Application Form. Application Forms submitted by RIIs using UPI Mechanism to Designated Intermediary (other than SCSBs) with ASBA Account details, are liable to be rejected

Further, such Bidders including RIIs using the UPI Mechanism, shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of the relevant Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms (except electronic Bid-cum-Application Forms) not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RII who is not Bidding using the UPI Mechanism.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make

Applications through the following modes:

1. **Through Self-Certified Syndicate Bank (SCSB) or intermediaries** (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

   a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e., investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

   b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

   c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 5 lakhs or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. **Through Stock Exchange**

   a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

   b. BSE extended their web-based platforms i.e. 'BSEDirect' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 lakhs. To place bid through 'BSEDirect' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct.

   c. An investor may use the following links to access the web-based interface developed by the Stock Exchange to bid using the UPI Mechanism: BSE: https://www.bsedirect.com.

   d. The BSE Direct mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' on Google Playstore for downloading mobile applications.

   e. For further details on the registration process and the submission of bids through the App or web interface, the Stock Exchange have issued operational guidelines and circulars available at BSE: https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 ("**SEBI Mutual Fund Master Circular**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI

and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Non-Banking Financial Companies – Middle Layer

Non- Banking Financial Company – Middle Layer, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than one thousand crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.**

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefor.**

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures,

(b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor**.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the

signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 5 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange. Post which:

(i) ***for Applications other than under the UPI Mechanism*** – the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

(ii) ***for Applications under the UPI Mechanism*** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount,

would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 41. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- All Applicants need to tick the Series of NCDs in the Application Form that they wish to apply for. Applications for all the Series of the NCDs may be made in a single Application Form only.
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in the Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- It shall be mandatory for subscribers to the Issue to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. The Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;

- Applicants must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;

- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option;

- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;

- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- All Applicants are required to ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB;

- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;

- All Applicants are required to check if they are eligible to apply as per the terms of the Prospectus and applicable law, rules, regulations, guidelines and approvals;

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form;

  and

- All Applicants should correctly mention the ASBA Account number (including bank account number/ bank name and branch) and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected;

- A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be.

- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, the Applicants should ensure that they have first withdrawn their original Application and submit a fresh Application.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) then such Application are liable to be rejected.**

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected,**

irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in the Prospectus and in multiples of thereafter as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Process for investor application submitted with UPI as mode of payment

a. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).

b. An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface, or any other methods as may be permitted.

c. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.

d. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.

e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.

f. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

g. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.

h. The Sponsor Bank shall initiate a mandate request on the investor

i. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.

j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.

k. An investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.

l. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 1 PM.

n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.

o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

p. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

q. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

r. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

s. The allotment of NCDs shall be done as per SEBI Master Circular

t. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

u. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

v. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.

w. Thereafter, Stock Exchange will issue the listing and trading approval.

x. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 the investor shall also be responsible for the following:

i. Investor shall check the Issue details before placing desired bids;
ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/ integration of UPI on Debt Public Issue System;
iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

y. The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 before investing through the through the app/ web interface of Stock Exchange(s).

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of the Prospectus and applicable law, rules, regulations, guidelines and approvals.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number (for all Applicants other than UPI Investors applying using the UPI Mechanism) in the Application Form. Further, UPI Investors using the UPI Mechanism must also mention their UPI ID.

6. UPI Investors applying using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking, is certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries.

7. UPI Investors applying using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI

website. UPI Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected.

8. Ensure that the Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) in case the Applicant is not the ASBA account holder. Applicants (except UPI Investors making an Application using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Application Form. UPI Investors applying using the UPI Mechanism should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Application Form.

9. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

10. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.

11. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.

12. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

13. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.

14. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

15. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

16. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

17. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

18. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

19. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 41.

20. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents

of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

21. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

22. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

23. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

SEBI Master Circular stipulates the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI Investors making and Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.

19. Do not submit more than five Application Forms per ASBA Account.

20. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI.

21. If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID.

Please also see "*Key Regulations and Policies – Operational Instructions*" on page 259.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "*Issue Procedure – Rejection of Applications*" on page 195 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, i.e., upto ₹ 5 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹ 5 lakhs) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case maybe) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	**To whom the Application Form has to be submitted**
ASBA Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(i) Through the Designated Intermediary, physically or electronically, as applicable; or (ii) Through BSE Direct

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not**

responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 41.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number

  PAN (of the first Applicant, in case of more than one Applicant)

- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange

(h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Allotment Committee thereof, reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Applications by persons prohibited from buying, selling or dealing in securities, directly or indirectly, by SEBI or any other regulatory authority;

(c) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;

(d) Applications not being signed by the sole/joint Applicant(s);

(e) Investor Category in the Application Form not being ticked;

(f) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(g) Applications where a registered address in India is not provided for the non-Individual Applicants;

(h) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(i) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(j) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;

(k) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;

(l) GIR number furnished instead of PAN;

(m) Applications by OCBs;

(n) Applications for an amount below the minimum Application size;

(o) Submission of more than five ASBA Forms per ASBA Account;

(p) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(q) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(r) Applications accompanied by stock invest/ cheque/ money order/ postal order/ cash;

(s) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(t) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(u) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(v) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(w) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(x) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;

(y) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;

(z) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(aa) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(bb) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(cc) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(dd) Applications by any person outside India;

(ee) Applications not uploaded on the online platform of the Stock Exchange;

(ff) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(gg) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, the Prospectus and as per the instructions in the Application Form and the Prospectus;

(hh) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(ii) Applications providing an inoperative demat account number;

(jj) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(kk) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(ll) Investor category not ticked;

(mm) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

(nn) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and

(oo) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹ 5 lakhs.

(pp) Kindly note that Applications submitted to the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Mode of making refunds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 5 (five) Working Days of the Issue Closing Date.

Our Company and the Registrar shall credit the allotted NCDs to the respective beneficiary accounts, within 5 (five) Working Days from the Issue Closing Date.

Further,

a. Allotment of NCDs in the Issue shall be made within a time period of 4 (four) Working Days from the Issue Closing Date;

b. Credit to dematerialised accounts will be given within one Working Day from the Date of Allotment;

c. Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund has not been effected within 5 (five) Working Days from the Issue Closing Date, for the delay beyond 5 (five) Working Days; and

d. Our Company will provide adequate funds to the Registrar for this purpose

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;

(b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*")**;

(c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, **("*Retail Individual Portion*").**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 7,500 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion
(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹ 5 lakhs;
(iii) Institutional Portion
(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively.

Minimum allotment of 5 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchanges website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference; and
(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Series [●]

(ii) second with payment on cumulative options in decreasing order of tenor i.e., Series [●]

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: [●]

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

Our Company would Allot Series I NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000 in accordance with the pecking order mentioned above.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank
(for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 6 (six) Working Days of the Issue Closing Date to the Applicants. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 6 (six) Working Days of the Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within 15(fifteen)Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants at the rate of 15% per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

Cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also see, "*Key regulations and Policies*" on page 259.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated October 28, 2023 among our Company, the Registrar and CDSL and tripartite agreement dated October 16, 2023 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest

or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(viii) The trading of the Secured NCDs on the floor of the Stock Exchanges shall be in dematerialized form only.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of the Debenture Trust cum Hypothecation Deed. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust cum Hypothecation Deed within a timeline specified under Regulation 18 of SEBI NCS

Regulations, our Company shall pay interest of at least 2% p.a. over and above the agreed coupon rate, to each NCD Holder, till the execution of the Debenture Trust cum Hypothecation Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust cum Hypothecation Deed as stated in this Draft Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹ 5,625 lakhs and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and

(h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

(i) The allotment letter shall be issued, or Application Amount shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the Application Amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period

Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Draft Prospectus has not been recommended or approved by any regulatory authority in India, including any registrar of companies, stock exchange or SEBI nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of investors is invited to the section '*Risk factors*' on page 16.

Our Company has no side letter with any NCD holder. Any covenants later added shall be disclosed on the stock exchanges' website where the NCDs are listed.

Other undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee as required under applicable laws;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Draft Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

(i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Draft Prospectus.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Threshold (as defined hereinafter below), each involving our Company, Directors or Promoter.

*Our Board of Directors, in its meeting held on October 4, 2023, has adopted a threshold for the identification of material litigations ("**Materiality Threshold**"). As per the Materiality Threshold, other than for the purposes of (i) to (iii) above, all outstanding litigation, wherein:*

a. the quantified monetary amount of the claim by or against the Company in any such pending proceeding exceeds 2% of the turnover, as per the last audited financial statements, 2% of net worth, as per the last audited financial statements, except in case the arithmetic value of the net worth is negative, 5% of the average of absolute value of profit or loss after tax, as per the last three audited financial statements of the listed entity; whichever is lower, i.e., ₹ 101.80 lakh

b. the outcome of such litigation proceeding may have a material adverse effect on the business, operations, prospects or reputation of the Company has been considered as 'material litigation', and accordingly has been disclosed in this Draft Prospectus.

Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoter or Group Companies shall, unless otherwise decided by our Board of Directors including committee thereof, not be considered as litigation until such time that our Company or Directors or Promoter or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Draft Prospectus and any direction issued by such Ministry or Department or statutory authority; (ii) pending litigation involving our Company, our Promoter, our Directors, Group Companies or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues, etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the three years immediately preceding the year of this Draft Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the three years immediately preceding the year of this Draft Prospectus; and (vii) material frauds committed against our Company in the last three years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Draft Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

A. Litigations involving our Company

Litigations against our Company

Tax proceedings

Nature of Case	Number of cases	Amount involved
Direct Tax	3	1,04,13,128
Indirect Tax	NIL	NIL

Total	3	1,04,13,128

Criminal Cases

Nil

Material Civil Cases

NIL

Litigations by our Company

Criminal cases

1. Our Company has filed a First Information Report bearing No. 73/2022 dated March 7, 2022 against Nafeesa ("Accused No. 1"), Mumtaz ("Accused No. 2") and Shysith ("Accused No.3", together with Accused No.1 and Accused No.2 be referred to as "Accused") with Kakkur Police Station, under Secton 406 and 420 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments i.e 14 gold bangles pledged by the Accused were fully spurious/fake and the same were filled with wax and hard metals. Our company has alleged that the accused have deliberately pledged 14 fully dspurious bangles for getting unjust enrichment and cheated our company to the tune of Rs.4,13,900. Our Company has prayed for punishment to the Accused. The matter is currently pending.

2. Our Company has filed a First Information Report bearing no. 145/2021 dated April 3, 2021 against Nikhat Taher ("Accused No.1") and sixteen others (collectively be referred to as "Accused") with Chauliaganj Police Station, Cuttack under Section 420, 41B, 408 and 34 of the Indian Penal Code, 1860. Our company states that during the periodic verification of the pledged gold ornaments were made out of spurious metals and low purity gold ornaments. Our company has alleged that the Accused have deliberately pledged spurious gold and availed a loan of Rs. 65,88,000. Our Company has prayed for punishment of the accused. The matter is currently pending.

3. Our Company has filed a First Information Report bearing no. 328/2021 dated August 20,2021 against Sayed Mubbasirul Haque ("Accused No.1") and three others (collectively "Accused") with Jagatpur Police Station under section 120B, 408, 418, 420 and 34 of the Indian Penal Code, 1860. Our company has alleged that Accused No. 1 has pledged 15 fully spurious bangles amounting to Rs.8,08,600. Our company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments i.e 15 gold bangles pledged by the Accused were fully spurious/ fake and the same were filled with wax and hard metals. Our company has alleged that the accused have deliberately pledged spurious gold and availed a loan of Rs.8,08,600. Our company has prayed for punishment to the Accused. The matter is currently pending.

4. Our company has filed a First Information Report bearing no. 133 of 2022 dated January 24, 2022 against Pushpakumar D K ("Accused No.1") and Bijula Chandran V ("Accused No. 2") and Riju S S ("Accused No. 3") collectively "Accused" with Vizhinjam Police Station under Section 408, 420, 465, 468 and 471 of the Indian Penal Code, 1860. Our company states that Accused worked in our Company's Vizhinjam branch. Our Company further states that during the periodic verification of the pledged gold ornaments it was found that the packets which were supposed to contain gold pledged by the customers did not actually have any gold instead it was filled with ornaments made of metals. Our company has alleged that accused No.1 being the Branch Manager of the Vizhinjam Branch had created the pledges and with a deceitful intent, Accuse No.1 along with Accused No. 2 and 3 swapped the gold ornaments for metals. Further, during the periodic verification it was found out that many customers have made their part payment in their respective gold loan accounts and it was learned that Accused No.1 did not credit the amount received from the customers have been shared between the Accused thereby causing a loss of approximately Rs.50,00,000 to our company. Our company has prayed for punishment to the accused. The matter is currently pending.

5. Our company has filed a First Information Report bearing no. 99A/2021 dated June 21, 2021 against Satish Kumar ("Accused") with Nahavihar Police Station. Our company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/ fake and the same were filed with wax and hard metals. Our company has alleged that the Accused have deliberately pledged spurious gold thereby intending to deceit our company. Our company has prayed for punishment to the Accused. The matter is currently pending.

6. Our company on July 27, 2023 has filed a private complaint with Saket Police Station against Brijesh Kumar under section 418 and 420 of the Indian Penal Code, 1860. Our company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/ fake and the same were filled with wax and hard metals. Our company has alleged that the Accused have deliberately pledged spurious gold and availed a loan of Rs.57,657 thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

7. Our company on July 7, 2023 has filed a private complaint with Bindapur Police Station against Usharani under Section 418 and 420 of the Indian Penal Code, 1860. Our company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/ fake and the same were filled with wax and hard metals. Our company has alleged that the Accused have deliberately pledged spurious gold and availed a loan of Rs.1,61,511 thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

8. Our company on May 26, 2023 has filed a private complaint with Bhopal Police Station against Vijay Singh Verma under section 418 and 420 of the Indian Penal Code, 1860. Our company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/ fake and the same were filled with wax and hard metals. Our company has alleged that the Accused have deliberately pledged spurious gold and availed a loan of Rs.4,73,201 thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

9. Our company on December 26, 2022 has filed a private complaint with Bhajanpura Police Station against Satyam Dubey under section 120B, 408, 418 and 420 r/w 34 of the Indian Penal Code, 1860. Our company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/ fake and the same were filled with wax and hard metals. Our company has alleged that the Accused have deliberately pledged spurious gold and availed a loan of Rs.4,70,089 thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

10. Our Company on October 3, 2023 has filed a First Information Report bearing no. 0501/2023 against Ms. Diptimayee Rath ("Accused") with Jagatpur Police Station. Our Company has alleged that the Accused have stolen two gold packets thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

11. Our Company on October 23, 2023 has filed a private complaint with K N Katju Marg Police Station against Mr. Nagendra Kumar under section 418 and 420 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.2,58,000/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

12. Our Company on November 23, 2023 has filed a private complaint with Bindapur Police Station against Mr/s. Jasmeet Singh under section 418 and 420 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company

has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.24,000/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

13. Our Company has filed a First Information Report bearing no. 0315/2023 dated December 13, 2023 with Chauliaganj Police Station against Mr. Bapi Nayak ("Accused No.1) & Ms. Rasmirani Jena ("Accused No.2") under section 420, 294, 352,120B, 34 , 468 & 471 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.37,29,622/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused and they were arrested. The matter is currently pending.

14. Our Company on December 23, 2023 has filed a private complaint with Dabri Police Station against Mr. Naseem Ahmed under section 120(B), 409, 418, 420 & 468 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.8,71,166/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

15. Our company on January 4, 2024 has filed a complaint with Doraha Police Station against Manpreet Singh and Amritpal Singh ("Accused") undersection 120(B), 409, 418, 420 & 468 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.12,45,299/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

16. Our Company on December 29, 2023 has filed a private complaint with Mahatma Phule Police Station against Mr. Nilesh Sudhir Bhande under section 418 & 420 of the Indian Penal Code, 1860. Our Company states that the pledged gold ornaments were of stolen property and the same was seized by Police authorities and was provided us with panchnama. Our Company has alleged that the Accused have deliberately pledged stolen ornaments amounting to Rs.1,70,250/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

17. Our Company on January 31, 2024 has filed a private complaint with Badlapur East Police Station against Mr. Sanjay Machindra Patole under section 406, 417, 418 and 420 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.1,98,560/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

18. Our Company on April 10, 2024 has filed a private complaint with Jagatsinghpur Police Station, Chauliaganj Police Station & Madhupatna Police Station against Mr. Niranjan Mohanty under section 418 & 420 of the Indian Penal Code, 1860. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments amounting to Rs.70,350/- thereby intending to deceit our Company. Our company has prayed for punishment to the accused. The matter is currently pending.

19. Our Company on 29th June 2024 has filed a First Information Report bearing no. 0214/2024 against Mr. Harshad Patani ("Accused") with Manikpur Police Station. Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. The Accused have deliberately

pledged spurious ornaments and also stole gold packets amounting to Rs.13,77,800/- thereby intending to deceit the Company. Our company has prayed for punishment of the accused. The matter is currently pending with the police authorities.

20. Our Company on 31st July 2024 has filed a complaint with Gill Road Police Station against Harpreet Singh ("Accused") under section 318 of Bharatiya Nyaya Sanhita, 2023. Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals. Our company has alleged the Accused have deliberately pledged spurious ornaments and availed a loan of Rs. 1,92,100/- thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

21. Our Company on 22nd August 2024 has filed a complaint with Ghansoli Police Station against Ganesh Vilas Shelke ("Accused") under section 318 of Bharatiya Nyaya Sanhita, 2023. Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals. Our company has alleged the Accused have deliberately pledged spurious ornaments and availed a loan of Rs. 3,20,000/- thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

22. Our Company on 4th October 2024 has filed a complaint with Airoli Police Station against Vaibhav Rajaram Ubale ("Accused") under section 318 of Bharatiya Nyaya Sanhita, 2023. Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals. Our company has alleged the Accused have deliberately pledged spurious ornaments and availed a loan of Rs. 83,000/- thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

23. Our Company on 16th October 2024 has filed a complaint with the Commissioner of Police, Ludhiana against Vikas Kumar Nagpal ("Accused No.1"), Pooja Negi ("Accused No. 2"), Harjeet Singh (Accused No. 3), Harman Singh Sohal (Accused No. 4), MD Saif Hussain ("Accused No. 5) and Bhawandeep Singh ("Accused no. 6") under section 318 and 316 (4) R/w 61 (2) of Bharatiya Nyaya Sanhita, 2023. Our Company has alleged that the Accused No.1 & Accused No. 2, who were employees entrusted with the custody of the pledged ornaments, cheated the company with the connivance of the other Accused and caused a loss of Rs. 3,60,000/-. Our company has prayed for punishment to the accused. The matter is currently pending.

24. Our Company on 22nd October 2024 has filed a complaint with Vasai Police Station against Harshad Patani ("Accused") under section 318(1) & 318(3) of Bharatiya Nyaya Sanhita, 2023. Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals. Our company has alleged the Accused have deliberately pledged spurious ornaments and availed a loan of Rs. 1,57,700/- thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

25. Our Company on 27th November 2024 has filed a complaint with Kharghar Police Station against Ganesh Vilas Shelke ("Accused") under section 318(1) & 318(3) of Bharatiya Nyaya Sanhita, 2023. Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals. Our company has alleged the Accused have deliberately pledged spurious ornaments and availed a loan of Rs. 3,13,000/- thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

26. Our Company on 2nd December 2024 has filed a complaint with Adarsh Nagar Police Station against Sawan Kumar ("Accused") under section 318(1) & 318(3) of Bharatiya Nyaya Sanhita, 2023. Our company states that during the periodic verification of the pledged gold ornaments, it was found that

the gold ornaments were fully spurious/fake and same were filled with wax and hard metals. Our company has alleged the Accused have deliberately pledged spurious ornaments and availed a loan of Rs. 6,00,000/- thereby intending to deceit our company. Our company has prayed for punishment to the accused. The matter is currently pending.

Material Civil cases

Cases filed by the Company

1. Our Company on 09th August 2024 has filed a case with the Employees Insurance Court under section 75,76 and 77of the Employees State Insurance Act 1978 against the contribution due amount of Rs. 60,68,316/- (Rupees Sixty Lakhs sixty eight thousand three hundred and sixteen only) raised by the Employees State Insurance Corporation, Thiruvananthapuram. Our company has prayed for the relief that our company is not liable to pay the contribution as determined by the Employees State Insurance Corporation, Thiruvananthapuram.

Inquiries, inspections or investigations initiated or conducted under securities law or the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of this Prospectus against our Company.

Litigations involving our Group Companies

Tax Proceedings

Nature of Case	Number of cases	Amount involved
Direct Tax	3	1,24,19,448
Indirect Tax	NIL	NIL
Total	3	1,24,19,448

Litigations against our Group Companies

NIL

Litigations by our Group Companies

NIL

B. Litigations involving our Promoter

Litigations against our Promoter

Tax proceedings

Nature of Case	Number of cases	Amount involved (in lakhs)
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Total	NIL	NIL

Criminal Cases

NIL

Material Civil Cases

The mark "MUTHOOT" has been registered as a trademark by M. Mathew. Thomas John Muthoot, Thomas George Muthoot, Thomas Muthoot and Muthoot Pappachan Group have filed an application before the Intellectual Property Appellate Board, Chennai ("IPAB") on July 3, 2012 for the removal, expungement, rectification, cancellation and variation of the trademark with registration number 1267883 in class 36 in the name of M Matthew against our Promoter, Director and Chairman M. Mathew, to remove/cancel/rectify the trademark "MUTHOOT". Subsequently, the application was transferred to the Intellectual Property Division of the High Court of Judicature at Madras and is currently pending. .

B. Litigations by our Promoter

Criminal Cases

NIL

Material Civil Cases

1. M. Mathew, Promoter, Director and Chairman of our Company has filed a suit bearing O.S. No. 6 of 2013 before the district court at Kottayam against Muthoot Pappachan Group, Muthoot George Group and Muthoot Mini Group (collectively "**Defendants**") for infringement of the trademark "MUTHOOT". The mark "MUTHOOT" has been registered as a trademark by M. Mathew. M. Mathew has prayed for permanent prohibitory injunction restraining the Defendants from directly or indirectly using the trademark "MUTHOOT". The matter is currently pending.

2. Richi Mathew, Promoter and Managing Director of our Company has filed a petition bearing no. T.O.P. (TM) 415 of 2023 before the Kerala High Court against Muthoot Finance Limited ("**Defendant**") for infringement of the trademark "MUTHOOT". The mark "MUTHOOT" has been registered as a trademark by M. Mathew, Promoter, Director and Chairman. Richi Mathew has prayed for permanent prohibitory injunction restraining the Defendant from directly or indirectly using the trademark "MUTHOOT". The matter is currently pending.

3. Richi Mathew, Promoter and Managing Director of our Company has filed a petition bearing no. T.O.P. (TM) 407 of 2023 before the Kerala High Court against Muthoot Finance Limited ("**Defendant**") for infringement of the trademark "MUTHOOT". The mark "MUTHOOT" has been registered as a trademark by M. Mathew, Promoter, Director and Chairman. Richi Mathew has prayed for permanent prohibitory injunction restraining the Defendant from directly or indirectly using the trademark "MUTHOOT". The matter is currently pending.

C. Litigations involving our Directors

Litigation against our Director

Tax Proceedings

Nature of Case	Number of cases	Amount involved (in lakhs)
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Total	NIL	NIL

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Directors

Criminal Cases

NIL

Material Civil Cases

1. Ammini Mathew, Whole Time Director of our Company has filed Applications bearing nos. 1248199 dated November 7, 2011 and 1880132 dated November 4, 2009 for removal/ rectification of trademark  before the Registrar of Trademarks against Muthoot Finance Limited, Muthoot Group, its Directors and Others ("**Defendants**"). The mark "MUTHOOT" has been registered as a trademark by M. Mathew, Promoter, Director and Chairman. Ammini Mathew has prayed for permanent prohibitory injunction restraining the Defendants from directly or indirectly using the trademark "MUTHOOT". The matter is currently pending.

Apart from cases disclosed above in material civil litigation by the Promoter, there are no other cases by the Directors.

Notices received by the Company:

NIL

Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action

NIL

Inquiries, inspections or investigations initiated or conducted under securities law or the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Prospectus

NIL

Reservations or qualifications or adverse remarks or emphasis of matter or other observations of the auditors of our Company in the last three financial years and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks or emphasis of matter or other observations:

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the special purpose audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
Fiscal 2024	Standalone	**Report on Other Legal and Regulatory Requirements** **CARO reporting clause 3(d)** Total amount overdue for more than ninety days is ₹217.63 lakhs and reasonable steps have been taken by the company for recovery of the principal and interest.	Provisions made for the overdue loan accounts	Company has made provisions for the loans overdue and taken reasonable steps for recovery of the overdue.
		CARO reporting clause xi (a) During the period, the Company has reported a fraud case, where gold loan related misappropriations have occurred for amounts aggregating ₹32.67 lakhs and has provided equal amount of provision in the books of accounts.	Provision has been made in the books of accounts.	Company has made provision for misappropriations.
Fiscal 2023	Standalone	**Report on Other Legal and Regulatory Requirements** Amount of ₹9,956 required to be transferred to the Investor Education and Protection Fund is not yet paid by the Company	Nil	Amount transferred to IEPF on June 14, 2023
		CARO reporting clause 3(d) Total principal amount overdue for more than ninety days is ₹717.23 lakhs and reasonable steps have been taken by the Company for recovery of the principal and interest	Provisions made for the overdue loan accounts	Company has made provisions for the loans overdue and taken reasonable steps for recovery of the overdue amounts
Fiscal 2022	Standalone	**Report on Other Legal and Regulatory Requirements** Amount of ₹2.03 lakhs required to be transferred to the Investor Education and Protection Fund is not yet paid by the Company	Nil	Amount transferred to IEPF on August 16, 2022
		CARO reporting clause 3(d) Total principal amount overdue for more than ninety days is ₹2,515.18 lakhs and reasonable steps have been taken by the Company for recovery of the principal and interest	Provisions made for the overdue loan accounts	Company has made provisions for the loans overdue and taken reasonable steps for recovery of the overdue amounts

Details of acts of material frauds committed against our Company in current financial year and last three Fiscals, if any, and if so, the action taken by our Company

Material Frauds for the current financial year as on December 09,2024("Cut-off Date") and in the last three financial years ended March 31, 2024, March 31, 2023 and March 31, 2022

Sr No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ in lakh)	Modus Operandi & Action Taken	Recovery amount(Insurance Claim Received) (₹ in lakh)	Amount Written Off (₹ in lakh)	Provision (₹ in lakh)	Action taken by the Company
1	Current financial year as on December 09,2024	Odisha	June 29,2024	0.70	Niranjan Mohanty -Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were fully spurious/fake and the same were filled with wax and hard metals. Our Company has alleged that the Accused have deliberately pledged spurious ornaments	-	-	0.70	Action for Recovery is in Process.
		Uttar Pradesh	July 29,2024	13.78	Harshad Patani.The accused pledged gold ornaments that were fully spurious/ fake and the same were filled with max and hard metals. The company has alleged that the accused have deliberately pledged spurious ornaments	12.72		1.06	Action for Recovery is in Process.
		Maharashtra	August 22,2024	3.20	Ganesh Vilas Shelke- The accused pledged gold ornaments that were fully spurious/ fake and the same were filled with max and hard metals. The company has alleged that the accused have deliberately pledged spurious ornaments. The matter is currently pending	2.52		0.68	Action for Recovery is in Process.

Sr No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ in lakh)	Modus Operandi & Action Taken	Recovery amount(Insurance Claim Received) (₹ in lakh)	Amount Written Off (₹ in lakh)	Provision (₹ in lakh)	Action taken by the Company
		Maharashtra	October 10,2024	0.83	Vaibhav Rajaram Ubale- The accused pledged gold ornaments that were fully spurious/ fake and the same were filled with max and hard metals. The company has alleged that the accused have deliberately pledged spurious ornaments. The matter is currently pending			0.83	Action for Recovery is in Process.
		Punjab	October 16,2024	3.60	Vikas Kumar Nagpal & Pooja Negi-Ex-employee, Vikas Kumar Nagpal & Pooja Negi with the connivance of customers deceited our company, thereby causing a huge loss of Rs. 3,60,000/- to our company	2.96		0.64	Action for Recovery is in Process.
		Maharashtra	October 22,2024	1.58	Harshad Patani -gold ornaments were fully spurious/fake and same were filled with wax and hard metals	0.95		0.63	Action for Recovery is in Process.
	Current financial year as on December 09,2024	Maharashtra	November 27,2024	3.13	Ganesh Vilas Shelke – Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals	-		3.13	Action for Recovery is in Process.

Sr No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ in lakh)	Modus Operandi & Action Taken	Recovery amount(Insurance Claim Received) (₹ in lakh)	Amount Written Off (₹ in lakh)	Provision (₹ in lakh)	Action taken by the Company
		Maharashtra	December 2,2024	6.00	Sawan Kumar-Our company states that during the periodic verification of the pledged gold ornaments, it was found that the gold ornaments were fully spurious/fake and same were filled with wax and hard metals	-		6.00	Action for Recovery is in Process.
	Total Current financial year as on December 09,2024			**32.82**		**19.15**		**13.67**	
2	2023-24	Badlapur	February 21,2024	0.96	Our Company states that during the periodic verification of the pledged gold ornaments it was found that the gold ornaments were made out of spurious metals and low purity gold ornaments.	-	-	0.96	Action for Recovery is in Process.
	2023-24	Doraha	February 21,2024	5.34		-	-	5.34	
	2023-24	Jagatpur	February 21,2024	1.05		-	-	1.05	
	2023-24	Jagatsinghpur	February 21,2024	0.21		-	-	0.21	
	2023-24	Jeewan Park	February 21,2024	19.54		-	-	19.54	

Sr No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ in lakh)	Modus Operandi & Action Taken	Recovery amount(Insurance Claim Received) (₹ in lakh)	Amount Written Off (₹ in lakh)	Provision (₹ in lakh)	Action taken by the Company
	2023-24	Kalyan West	February 21,2024	1.58		-	-	1.58	
	2023-24	Mahanadhi Vihar	February 21,2024	1.86		-	-	1.86	
	2023-24	Mahatab Road	February 21,2024	0.05		-	-	0.05	
	2023-24	Rohini Sector 16	February 21,2024	2.08		-	-	2,08	
	Total FY 2023-24			**32.67**		-	-	**32.67**	
3	**2022-2023**	-	-	-	-	-	-	-	-
4	**2021-2022**	-	-	-	-	-	-	-	-

(₹32.67 lakhs as per CARO in Independent Auditors report dated May 29, 2024 for financial year 2023-24 and ₹ 32.82 lakhs as per management representation on fraud relating to the period April 01,2024 to December 09,2024)

Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters/ Group companies in the last five financial years, including outstanding action.

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

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

Authority for the Issue

At the meeting of the Board of Directors of our Company held on November 05, 2024, approved the issuance of NCDs of face value of ₹1,000 each for an amount aggregating up to ₹7,500 lakhs ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 7,500 lakh, aggregating up to ₹ 15,000 lakh ("**Issue Size**" or "**Issue Limit**").

Further, the present borrowing is within the borrowing limits under section 180(1)(c) of the Companies Act, 2013, duly approved by the Shareholders' *vide* their resolution passed at their AGM held on September 30, 2024.The NCDs pursuant to this Issue will be issued on terms and conditions as set out in this Draft Prospectus.

Prohibition by SEBI

Our Company, persons in control of our Company, our Directors and/or our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. None of our Directors and/or our Promoters, is a director or promoter of another company which has been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

Our Company is not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six-months as on the date of this Draft Prospectus.

Our Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Draft Prospectus.

No regulatory action is pending against our Company or our Promoters or our Directors before SEBI or the RBI.

Categorisation as a Wilful Defaulter

Our Company or persons in control of our Company or any of our Directors or our Promoters have not been categorised as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, ECGC or any other governmental / regulatory authority, nor are they in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six months.

None of our Whole-time Directors and/or our Promoters, is a whole-time director or promoter of another company which has been categorised as a wilful defaulter.

Declaration as a Fugitive Economic Offender

None of our Promoters or Directors has been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Other confirmations

None of our Company or our Directors or our Promoters, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

Disclaimer

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts no responsibility for statements made other than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] , 2024, WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTER OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL**

THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS HOSTED ON THE WEBSITE OF BSE LIMITED (DESIGNATED STOCK EXCHANGE).

DISCLAIMER CLAUSE OF BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS APPROVAL LETTER DATED [●] PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THE DRAFT OFFER DOCUMENT/OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR

b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR

c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY.

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THE DRAFT OFFER DOCUMENT/OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED DECEMBER 12, 2002, BEARING REGISTRATION NO. 16.00178 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

DISCLAIMER CLAUSE OF IRDAI

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA DOES UNDERTAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS CONNECTION.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, AND CATEGORY III. THIS DRAFT PROSPECTUS WILL NOT, HOWEVER, CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS DRAFT PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

DISCLAIMER CLAUSE OF INDIA RATINGS

USERS OF INDIA RATINGS SHOULD UNDERSTAND THAT NEITHER AN ENHANCED FACTUAL INVESTIGATION NOR ANY THIRD-PARTY VERIFICATION CAN ENSURE THAT ALL OF THE INFORMATION INDIA RATINGS RELIES ON IN CONNECTION WITH A RATING WILL BE ACCURATE AND COMPLETE. ULTIMATELY, THE ISSUER AND ITS ADVISERS ARE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION THEY PROVIDE TO INDIA RATINGS AND TO THE MARKET IN OFFERING DOCUMENTS AND OTHER REPORTS. IN ISSUING ITS RATINGS INDIA RATINGS MUST RELY ON THE WORK OF EXPERTS, INCLUDING INDEPENDENT AUDITORS WITH RESPECT TO FINANCIAL STATEMENTS AND ATTORNEYS WITH RESPECT TO LEGAL AND TAX MATTERS. FURTHER, RATINGS ARE INHERENTLY FORWARD-LOOKING AND EMBODY ASSUMPTIONS AND PREDICTIONS ABOUT FUTURE EVENTS THAT BY THEIR NATURE CANNOT BE VERIFIED AS FACTS. AS A RESULT, DESPITE ANY VERIFICATION OF CURRENT FACTS, RATINGS CAN BE AFFECTED BY FUTURE EVENTS OR CONDITIONS THAT WERE NOT ANTICIPATED AT THE TIME A RATING WAS ISSUED OR AFFIRMED.

RATINGS ARE NOT A RECOMMENDATION OR SUGGESTION, DIRECTLY OR INDIRECTLY, TO YOU OR ANY OTHER PERSON, TO BUY, SELL, MAKE OR HOLD ANY INVESTMENT, LOAN OR SECURITY OR TO UNDERTAKE ANY INVESTMENT STRATEGY WITH RESPECT TO ANY INVESTMENT, LOAN OR SECURITY OR ANY ISSUER. RATINGS DO NOT COMMENT ON THE ADEQUACY OF MARKET PRICE, THE SUITABILITY OF ANY INVESTMENT, LOAN OR SECURITY FOR A PARTICULAR INVESTOR (INCLUDING WITHOUT LIMITATION, ANY ACCOUNTING AND/OR REGULATORY TREATMENT), OR THE TAX-EXEMPT NATURE OR TAXABILITY OF PAYMENTS MADE IN RESPECT OF ANY INVESTMENT, LOAN OR SECURITY. THE RATING AGENCY SHALL NEITHER HAVE CONSTRUED TO BE NOR ACTING UNDER THE CAPACITY OR NATURE OF AN 'EXPERT' AS DEFINED UNDER SECTION 2(38) OF THE COMPANIES ACT, 2013. INDIA RATINGS IS NOT YOUR ADVISOR, NOR IS INDIA RATINGS PROVIDING TO YOU OR ANY OTHER PARTY ANY FINANCIAL ADVICE, OR ANY LEGAL, AUDITING, ACCOUNTING, APPRAISAL, VALUATION OR ACTUARIAL SERVICES. A RATING SHOULD NOT BE VIEWED AS A REPLACEMENT FOR SUCH ADVICE OR SERVICES. INVESTORS MAY FIND INDIA RATINGS TO BE IMPORTANT INFORMATION, AND INDIA RATINGS NOTES THAT YOU ARE RESPONSIBLE FOR COMMUNICATING THE CONTENTS OF THIS LETTER, AND ANY CHANGES WITH RESPECT TO THE RATING, TO INVESTORS.

DISCLAIMER CLAUSE OF INDUSTRY PROVIDER

THIS REPORT IS PREPARED BY FITCH SOLUTIONS INDIA ADVISORY PVT. LTD. (FSIAPL) (ERSTWHILE IRR ADVISORY SERVICES PVT. LTD.) FSIAPL HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THIS REPORT. THIS REPORT IS FOR THE INFORMATION OF THE INTENDED RECIPIENTS ONLY AND NO PART OF THIS REPORT MAY BE PUBLISHED OR REPRODUCED IN ANY FORM OR MANNER WITHOUT PRIOR WRITTEN PERMISSION OF FSIAPL.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI Merchant Banking Master Circular, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocuments

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 working days from the date of closure of the issue.

The Issue shall be kept open for a minimum period of two Working Days and a maximum of ten working days in compliance with Regulation 33A of SEBI NCS Regulations.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription, NCDs shall not be listed and in the event of zero subscription to any one or more of the series, such series of NCDs shall not be listed.

Our Company shall pay interest at 15% per annum if Allotment is not made and refund orders/allotment letters are not dispatched and/or demat credits are not made to investors within 5 Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange(s) to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

The written consents of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) the Syndicate Member; (d) Chief Financial Officer; (e) Statutory Auditors; (f) Legal counsel to the Issue; (g) Lead Manager; (h) the Registrar to the Issue; (i) Public Issue Account Banks; (j) Refund Banks; (k) Credit Rating Agency; (l) Industry Provider; (m) the Banker to our Company; (n) the Debenture Trustee; (o) Sponsor Bank to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn as on the date of this Draft Prospectus.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinion:

Except the (i) Previous Statutory Auditor's report on our Audited Financial Statements for the Financial Year ending March 31, 2024, March 31, 2023 and March 31, 2022, issued by M/s. Manikandan & Associates, Chartered Accountants, (ii) Report dated November 14, 2024 on the Unaudited Financial Results for the six months period ended September 30, 2024 and (iii) Statement of Tax Benefits Available to the Debenture Holders issued by M/s. Varma & Varma, Chartered Accountants, Chartered Accountants dated December 13, 2024, our Company has not obtained any expert opinions.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified

in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of the Prospectus

The Prospectus shall be filed with RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws

Issue Related Expenses

For details of Issue related expenses, see "*Objects of the Issue*" on page 48.

Reservation

No portion of this Issue has been reserved.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for one time acceptance fee amounting to ₹ 40000 (plus the applicable taxes) with Annual fee of ₹ 40000 as agreed in the engagement letter dated October 10, 2024.

Terms of carrying out due diligence

As per the SEBI Master Circular relating to Debenture Trustee titled "Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)", the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

a. The Debenture Trustee, either through itself or its agents /advisors/ consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or

consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

b. The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

c. Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify Muthoot Mercantile Limited such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

d. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company. Process of Due Diligence to be carried out by the Debenture Trustee Due Diligence will be carried out as per SEBI Debt Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchanges.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the NCD is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with applicable law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Master Circular.

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED DECEMBER 12, 2024 AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE DT CIRCULAR WHICH READS AS FOLLOWS:

1. We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications as provided to us.

2. On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications provided to us, WE CONFIRM that as on date:

    a. The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

    b. The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

    c. The Issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities to the best of our knowledge basis the information provided to us.

    d. Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document and all disclosures made in the offer document with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

    e. Issuer has disclosed all covenants proposed to be included in Debenture Trust cum Hypothecation Deed (including any side letter, accelerated payment clause etc.), offer document and has given an undertaking that Debenture Trust cum Hypothecation Deed shall be executed before filing of listing application.

    f. Issuer has given an undertaking that charge shall be created in favour of Debenture Trustee as per terms of issue before filing of listing application.

    g. All disclosures made in the draft offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities as on date, basis the information/documents shared with us as on date.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the DT Circular.

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, during the last three years. Our Company has previously not made any public issues of non-convertible debentures.

Public Issue of Equity Shares

Our Company has not made any public issue of Equity Shares in the last three years.

Our Company has made following rights issuances in last three years

Fiscal 2022: NIL

Fiscal 2023:

The Company has issued rights issue of equity shares amounting to ₹699.99 lakhs in the Financial Year 2023-24.

Fiscal 2024: NIL

Previous Issue

Except as mentioned below, our Company has previously not made any public issues of non-convertible debentures.

Public Issue I

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	December 4, 2023
	Date of Closing	December 15, 2023
	Issue Proceeds*	10,420.49
	Utilisation of Issue Proceeds	
1.	Onward Lending	9,408.40
2.	Repayment of Loans	1,012.09
3.	Issue Related Expense**	-
4.	General Corporate Purpose	-
	Total	10,420.49

**Original issue size was ₹10,000 lakhs, but allotted amount was ₹10,420.49lakhs.*
***Company has incurred Issue related expenses amounting to ₹184.62 lakhs from the internal accruals.*

Public Issue II

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	May 06,2024
	Date of Closing	May 17,2024
	Issue Proceeds*	5,388.56
	Utilisation of Issue Proceeds	
1.	Onward Lending	3,879.07
2.	Repayment of Loans	1,509.49
3.	Issue Related Expense**	-
4.	General Corporate Purpose	-
	Total	5,388.56

**Original issue size was ₹5,000 lakhs, but allotted amount was ₹5,388.56 lakhs.*
***Company has incurred Issue related expenses amounting to ₹80.26 lakhs from the internal accruals.*

Public Issue III

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	August 23, 2024
	Date of Closing	September 05, 2024
	Issue Proceeds*	8,348.51
	Utilisation of Issue Proceeds	
1.	Onward Lending	8,348.51
2.	Repayment of Loans	-
3.	Issue Related Expense**	-
4.	General Corporate Purpose	-
	Total	8,348.51

**Original issue size was ₹7,500 lakhs, but allotted amount was ₹8,348.51 lakhs.*
***Company has incurred Issue related expenses amounting to ₹ 242.34 lakhs from the internal accruals.*

Other than as specifically disclosed in this Draft Prospectus, our Company has not issued any securities for

consideration other than cash in last two years preceding the date of this Draft Prospectus.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. For details of dividend declared and paid for current financial year and the last three Fiscals 2024, 2023 and 2022, please refer table below:

(₹ in lakhs, except per share data)

Particulars	From April 01,2024 till Cut-off Date	Fiscal 2024	Fiscal, 2023	Fiscal, 2022
On Equity Shares				
Fully Paid-up Share Capital (Nos.)	3,64,18,747	3,64,18,747	2,94,18,750	2,94,18,750
Face Value / Paid Up Value (₹)	10	10	10	10
Equity Share Capital	3,641.87	3,641.87	2,941.88	2,941.88
Rate of Dividend	-	-	-	-
Dividend	-	-	-	-
Dividend Distribution Tax	-	-	-	-

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Thiruvananthapuram, India.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please see "*Our Business - Gold Loan*" under Chapter "***Our Business***" at page 102.

B. Utilisation of Issue Proceeds of the previous Issues by our Company

1. **Public issue of equity shares by the Company**

The Company has not undertaken any public issue of equity shares in the last three years prior to Cut-off Date.

Previous public issues of non-convertible debentures by the Company

Except as given below, the Company has not undertaken the public issues of non-convertible debentures till Cut-off Date.

Public Issue I

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	December 4, 2023
	Date of Closing	December 15, 2023
	Issue Proceeds*	10,420.49
	Utilisation of Issue Proceeds	-
1.	Onward Lending	9,408.40

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	December 4, 2023
	Date of Closing	December 15, 2023
2.	Repayment of Loans	1,012.09
3.	Issue Related Expense**	-
4.	General Corporate Purpose	-
	Total	10,420.49

**Original issue size was ₹10,000 lakhs, but allotted amount was ₹10,420.49lakhs.*
***Company has incurred Issue related expenses amounting to ₹ 184.62 lakhs from the internal accruals*

Public Issue II

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	May 06,2024
	Date of Closing	May 17,2024
	Issue Proceeds*	5,388.56
	Utilisation of Issue Proceeds	
1.	Onward Lending	3,879.07
2.	Repayment of Loans	1,509.49
3.	Issue Related Expense**	-
4.	General Corporate Purpose	-
	Total	5,388.56

**Original issue size was ₹5,000 lakhs, but allotted amount was ₹5,388.56 lakhs.*
***Company has incurred Issue related expenses amounting to ₹80.26 lakhs from the internal accruals*

Public Issue III

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Date of Opening	August 23, 2024
	Date of Closing	September 05, 2024
	Issue Proceeds*	8348.51
	Utilisation of Issue Proceeds	
1.	Onward Lending	8348.51
2.	Repayment of Loans	-
3.	Issue Related Expense**	-
4.	General Corporate Purpose	-
	Total	8348.51

**Original issue size was ₹7,500 lakhs, but allotted amount was ₹8,348.51 lakhs.*
***Company has incurred Issue related expenses amounting to ₹ 242.34 lakhs from the internal accruals.*

2. Previous private placement of non-convertible debentures by the Company

The issue proceeds of the previous issues of non-convertible debentures issued on private placement basis made on or after April 01, 2021 till the Cut-off Date have been utilized by the Company towards the object of the issue, as per the respective offer documents.

3. Rights issue by the Company

The Company has issued rights issue of equity shares amounting to ₹699.99 lakhs in the Financial Year 2023-24.

***C.* Subsidiary company- Nil**

D. Group Companies

As on the date of this Draft Prospectus, our Company has two group companies, i.e. Muthoot Syndicate Nidhi Limited and Muthoot Mercantile Nidhi limited.

(a) Muthoot Syndicate Nidhi Limited

i. Public issue of equity shares by the Muthoot Syndicate Nidhi Limited

Muthoot Syndicate Nidhi Limited has not undertaken any equity public issue in the last three years prior to Cut-off Date.

ii. Previous public issues of non-convertible debentures by Muthoot Syndicate Nidhi Limited

Muthoot Syndicate Nidhi Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to Cut-off Date.

iii. Previous private placement of non-convertible debentures by Muthoot Syndicate Nidhi Limited in the last three years

Muthoot Syndicate Nidhi Limited has not undertaken placement of non-convertible debentures in the last three years prior Cut-off Date.

iv. Rights issue by Muthoot Syndicate Nidhi Limited

Muthoot Syndicate Nidhi Limited has not undertaken any rights issue of equity shares in the last three years prior to Cut-off Date.

(b) Muthoot Mercantile Nidhi limited

i. Public issue of equity shares by the Muthoot Mercantile Nidhi limited

Muthoot Mercantile Nidhi limited has not undertaken any equity public issue in the last three years prior to Cut-off Date.

ii. Previous public issues of non-convertible debentures by Muthoot Mercantile Nidhi limited

Muthoot Mercantile Nidhi limited has not undertaken the public issue of non-convertible debentures in the last three years prior to Cut-off Date.

iii. Previous private placement of non-convertible debentures by Muthoot Mercantile Nidhi limited in the last three years

Muthoot Mercantile Nidhi limited has not undertaken placement of non-convertible debentures in the last three years prior Cut-off Date.

iv. Rights issue by Muthoot Mercantile Nidhi limited

Muthoot Mercantile Nidhi limited has not undertaken any rights issue of equity shares in the last three years prior to Cut-off Date.

Description of our loan portfolio

1. **Loans given by the Company:**

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter out of the proceeds of previous issues public issues and private placements of debentures.

2. **Types of Loans**

A. **Classification of loans/advances given to:**

The detailed breakup of the types of loans given by the Company as on March 31, 2024 is as follows:

(₹ in lakhs)

Sr. No.	Type of Loans	Amount (Gross)	Percentage of AUM
1.	Secured		
	i) Gold Loan	64,659.27	97.50%
2.	Unsecured		
	i) Pronote Loans	1,654.74	2.50%
	Total assets under management (AUM)	**66,314.01**	**100.00%**

B. Denomination of loans outstanding by LTV as on March 31, 2024*:

Sr. No.	LTV	Percentage of AUM
1	Up to 40%	1.05%
2	40-50%	1.94%
3	50-60%	8.18%
4	60-70%	34.96 %
5	70-80%	53.87%
6	80-90%	-
7	More than 90%	-
	Total	**100.00 %**

**LTV at the time of origination*

C. Sectoral Exposure as on March 31, 2024:

Sr. No.	Segment wise break up of AUM	Percentage of AUM
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	-
(b)	Gold Loans	97.50%
(c)	Vehicle Finance	-
(d)	MFI	-
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others:	
	(i) Pronote Loan	2.50%
2.	**Wholesale**	
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
	Total	**100.00**

D. Denomination of loans outstanding by ticket size as on March 31, 2024*:

Sr. No.	Ticket size**	Percentage of AUM
1	Up to ₹2 lakh	59.48%
2	₹2-5 lakh	23.94%
3	₹5-10 lakh	9.90%
4	₹10-25 lakh	5.34%
5	₹25-50 lakh	0.95%
6	₹50 lakh -1 crore	0.39%
7	₹1-5 crore	-

Sr. No.	Ticket size**	Percentage of AUM
8	₹5-25 crore	-
9	₹25-100 crore	-
10	Above ₹100 crore	-
	Total	**100.00 %**

**Ticket size at the time of origination*
***The details provided are as per borrower and not as per loan account*

E. Geographical classification of borrowers as on March 31, 2024:

Sr. No.	Top 5 states	Percentage
1	Maharashtra	28.88%
2	Odisha	21.15%
3	Kerala	20.58%
4	Delhi	10.48%
5	Haryana	4.59%
6	Others	14.32%
	Total	100.00%

F. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2024

(₹ in lakhs)

Movement of NPA	Amount
Movement of gross NPA	
Opening gross NPA	140.44
- Additions during the year	265.48
- Reductions during the year	(59.78)
Closing balance of gross NPA	346.14

Movement of net NPA	
Opening net NPA	59.47
- Additions during the year	212.82
- Reductions during the year	(40.97)
Closing balance of net NPA	231.32

Movement of provisions for NPA	
Opening balance	80.97
- Provisions made during the year	57.82
- Write-off/write-back of excess provisions	(23.96)
Closing balance	114.83

G. Segment-wise gross NPA as on March 31, 2024

Sr.	Segment-wise gross NPA	Gross NPA (%)*
1	**Retail**	
A	-Mortgages (home loans and loans against property)	-
B	-Gold loan	0.52%
C	-Vehicle finance	-
D	-MFI	-
E	-M&SME	-
F	-Capital market funding (loans against shares, margin funding)	-
G	-Others	

Sr.	Segment-wise gross NPA	Gross NPA (%)*
	(i) Pronote Loan	0.79%
2	**Wholesale**	
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	**0.52%**

**Gross NPA means percentage of NPAs to total advances in that sector*

H. **Residual maturity profile of assets and liabilities as on March 31, 2024:**

(₹ in lakhs)

	Up to 30/ 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	12.00	509.91	2,939.53	6,169.86	3,297.76	1,251.32	14,180.38
Advances	11,934.27	3,626.15	3,588.30	14,129.21	33,036.08	-	-	-	66,314.01
Investments	-	-	-	-	-	-	-	-	-
Borrowings	206.00	633.00	700.00	1,539.00	8,363.65	7,630.29	200.00	-	19,271.94
Subordinate-Debt	361.66	-	-	1,164.63	3,318.60	9,773.77	6,359.42	-	20,978.08
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

I. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2024:

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	825.14
Percentage of advances to twenty largest borrowers to total advances to our Company	1.23%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2024

(₹ in lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	767.98	57.16
Percentage of exposure to twenty largest borrowers to total exposure to our Company	1.14%	0.09%

J. Classification of loans/advances given to Group Companies as on March 31, 2024:

(₹ in lakhs)

Name of Borrower	Amount of Advance/ exposure to such borrower (₹ in lakhs) (A)	Percentage of Exposure (A/ Total AUM)
-	-	-

3. **Others**

LOAN POLICY

Please see "***Our Company's Business – Gold Loan***" under Chapter "***Our Business***" at page 102.

Revaluation of assets

Our Company has not revalued its assets in last three financial years.

Mechanism for redressal of investor grievances

Agreement dated April 18, 2024 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

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

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The contact details of Registrar to the Issue are as follows:

KFin Technologies Limited
Selenium Tower-B,
Plot No – 31 & 32, Financial District,
Nanakramguda, Serilingampally
Hyderabad, Rangareddi –500 032,
Telangana, India
Telephone: +91 40 6716 2222
facsimile: +91 40 6716 1563
Toll free number: 18003094001
Email: mml.ncdipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Murali Krishna

SEBI Registration No.: INR000000221

Compliance Officer of our Company

Remya R.S. has been appointed as the Compliance Officer of our Company for this issue.

The contact details of Compliance officer of our Company are as follows**:**

Remya R.S.
1st Floor, North Block, Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvanantapura, - 695 014,
Kerala, India.
Telephone: +91 471 2774800
Email: cs@muthootenterprises.com

Change in Auditors for preceding three financial years and current financial year as on date of this Draft Prospectus:

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of resignation if applicable
Paulson Michael & Co., Chartered Accountants	2nd Floor, FC Centenary Building, Tana, Irinjalakuda – 680 121, Kerala India.	November 30, 2021	September 22, 2022	NA
Mohandas and Associates, Chartered Accountants	3rd Floor, Sree Residency, Press Club Road, Thrissur – 680 001, Kerala, India.	September 22, 2022 [Re-appointed as on September 5, 2023]	NA	September 7, 2023
Manikandan & Associates, Chartered Accountants.	Krishna Arcade, Near Marathompilly Krishna Temple, KSRTC Road, Chalakudy, Thrissur – 680307, Kerala, India.	September 29, 2023	September 30, 2024	NA
Varma & Varma , Chartered Accountants	Varma & Varma, Chartered Accountants, T C 9/1504, Galaxy, SMRA 14, Sasthamangalam, Thiruvananthapuram, Kerala - 695010, India	September 30, 2024	NA	NA

Undertaking by our Company

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of '*Risk factors*' on page 16.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Prospectus contains all information with regard to the Issuer and the Issue, that the information contained in this

Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer has no side letter with any debt securities holder. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate
separate head in our balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of the Debenture Trust cum Hypothecation Deed. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust cum Hypothecation Deed within a period specified under the said Regulation, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust cum Hypothecation Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust as stated in this Draft Prospectus and the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹5,625 lakh and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and

(h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

(j) The allotment letter shall be issued, or Application Amount shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the Application Amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period

Other undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Draft Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report;

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time; and

(i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Draft Prospectus.

KEY REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Regulations governing NBFCs

Reserve Bank of India Act, 1934

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal businesses has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 percent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 percent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act and the Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Peer to Peer Lending Platform (Reserve Bank) Directions 2017, Master Direction– Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, Reserve Bank Commercial Paper Directions, 2017 and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Types of NBFCs

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities. The major regulations governing our Company are detailed below:

On October 19, 2023, the RBI issued a Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time ("**SBR Directions**"). A Revised Regulatory Framework for NBFCs ("**SBR Framework**"), whereby NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

i) NBFC- Base Layer ("**NBFC-BL**");
ii) NBFC- Middle Layer ("**NBFC-ML**");
iii) NBFC- Upper layer ("**NBFC-UL**"); and
iv) NBFC- Top Layer ("**NBFC-TL**")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("**NBFC-Ds**"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to SBR Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-UL. Such NBFCs shall move to the NBFC-TL.

Pursuant the SBR Framework the criteria of asset size of non-deposit NBFCs for classification as non-systemically important has been increased from ₹ 50,000 lakh to ₹ 1,00,000 lakh ("**NBFC-ND**"). Therefore, non-deposit NBFCs with asset size of over ₹ 1,00,000 lakh will be considered as risky and will fall under middle layer ("**NBFC-ND-SI/ NBFC-ML**"). The SBR Framework came into effect from October 01, 2022 and provides that from October 01, 2022 references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be. The SBR Framework clarified that existing NBFC-ND-SIs having asset size of ₹ 50,000 lakhs and above but below ₹ 1,00,000 lakh (except those necessarily featuring in NBFC-Middle Layer) will be known as NBFC-BL.

As on the date of this Draft Prospectus the Company falls under the category of NBFC-BL, as its asset size below 1,00,000 lakhs as per the last audited balance sheet. SBR Directions provide that NBFC-BL shall be subject to regulations as specified in Section II, unless stated otherwise.

As of the date of this Draft Prospectus, the NBFC-BL are governed by updated SBR Directions and other applicable laws.

As the regulatory structure envisages scale based as well as activity-based regulation under the SBR Framework, the following prescriptions shall apply in respect of the NBFCs:

i) NBFC-P2P, NBFC-AA, NOFHC and NBFCs without public funds and customer interface will always remain in the base layer of the regulatory structure.

ii) NBFC-D, CIC, IFC and HFC will be included in middle layer or the upper layer (and not in the base layer), as the case may be. SPD and IDF-NBFC will always remain in the middle layer.

iii) The remaining NBFCs, viz., Investment and Credit Companies (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) could lie in any of the layers of the regulatory structure depending on the parameters of the scale based regulatory framework.

iv) Government owned NBFCs shall be placed in the base layer or middle layer, as the case may be. RBI Master Directions define 'NBFC ICC' to mean a company which is a financial institution carrying on as its principal business of asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities.

Further, an NBFC may be registered as a NBFC-D or as a NBFC-ND. The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors

Regulatory Requirements of an NBFC under the RBI Act

Our Company has been classified as an NBFC-ND-SI pursuant to a Board resolution of the Company dated March 9, 2020. As on date of filing of this Draft Prospectus the Company falls under the category of NBFC BL, as its assets size is below ₹ 1,00,000 lakh, as per the last audited balance sheet. SBR Framework provide that NBFCs in the base layer (NBFC-BL) shall continue to RBI Master Directions applicable on NBFC-BL.

NBFC-NDs

As per the RBI Master Directions, the revised the threshold for defining systemic significance for NBFCs- ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-BL will henceforth be those NBFCs-ND which have asset size of below ₹ 1,00,000 lakhs as per the last audited balance sheet. NBFCs-ND-BL is required to comply with conduct of business regulations if customer interface exists.

NBFCs primarily engaged in lending against gold jewellery shall maintain a minimum Tier 1 capital of 12 percent of aggregate risk weighted assets of on-balance sheet and of risk adjusted value of off-balance sheet items

Rating of NBFCs

Pursuant to the RBI Master Directions, NBFCs with asset size of ₹100 crore and above shall furnish information about downgrading/upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the Regional Office of the Reserve Bank under whose jurisdiction their registered office is functioning.

Prudential Norms

The leverage ratio of NBFCs (except NBFC-MFIs, NBFCs-ML and above) shall not be more than seven at any point of time. Leverage ratio means the total Outside Liabilities divided by Owned Fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent of more of their financial assets) shall maintain a minimum Tier 1 capital of 12 percent of aggregate risk weighted assets of on-balance sheet and of risk adjusted value of off-balance sheet items. The value of each asset/item requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.
NBFC shall calculate the total risk weighted off-balance sheet credit exposure as the sum of the risk-weighted amount of the market related and non-market related off-balance sheet items. The risk-weighted amount of an off-balance sheet item that gives rise to credit exposure shall be calculated by means of a two-step process:

(a) The notional amount of the transaction shall be converted into a credit equivalent amount, by multiplying the amount by the specified credit conversion factor or by applying the current exposure method; and

(b) The resulting credit equivalent amount shall be multiplied by the risk weight applicable, viz., zero percent for exposure to Central Government/ State Governments, 20 percent for exposure to banks and 100 percent for others.

Corporate governance norms

As per the RBI Master Direction, all NBFC-ND-BL are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an Asset Liability Management

committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, RBI *vide* notification dated 10 November 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the'fit and proper criteria' at the time of appointment of directors and on a continuing basis.

Under the terms of SBR Framework following additional corporate governance compliances have been stipulated for NBFC-ML and NBFC-UL:

(a) Key Managerial Personnel - Except for directorship in a subsidiary, key managerial personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. However, they can assume directorship in NBFC-BLs.

(b) Independent Director - Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. There shall be no restriction to directorship on the boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

(c) Disclosures - NBFCs shall, in addition to the existing regulatory disclosures, disclose the following in their annual financial statements, with effect from March 31, 2023:

i. Corporate governance report containing composition and category of directors, shareholding of nonexecutive directors, etc.

ii. Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items and views of management on audit qualifications.

iii. Items of income and expenditure of exceptional nature.

iv. Breaches in terms of covenants in respect of loans availed by the NBFC or debt securities issued by the NBFC including incidence/s of default.

v. Divergence in asset classification and provisioning above a certain threshold to be decided by RBI.

(d) Chief Compliance Officer – In order to ensure an effective compliance culture, it is necessary to have an independent compliance function and a strong compliance risk management framework in NBFCs. NBFCs are, therefore, required to appoint a chief compliance officer (CCO), who should be sufficiently senior in the organization hierarchy. NBFCs shall put in place a board approved policy laying down the role and responsibilities of the CCO with the objective of promoting better compliance culture in the organization.

(e) Compensation guidelines - In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs shall put in place a board approved compensation policy. The guidelines shall at the minimum include, a) constitution of a remuneration committee, b) principles for fixed/ variable pay structures, and c) malus/ claw back provisions. The nomination and remuneration committee shall ensure that there is no conflict of interest.

(f) Other Governance matters - NBFCs shall comply with the following:

i. The board shall delineate the role of various committees (audit committee, nomination and remuneration committee, risk management committee or any other committee) and lay down a calendar of reviews.

ii. NBFCs shall formulate a whistle blower mechanism for directors and employees to report genuine concerns.

iii. The board shall ensure good corporate governance practices in the subsidiaries of the NBFC.

Core Banking Solution - NBFCs with 10 and more branches are mandated to adopt core banking solution in accordance with a glide path of 3 years with effect from October 01, 2022.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated 17 January 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated 11 June 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, with effect from 01 April 2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I capital.

Internal Capital Adequacy Assessment Process (ICAAP)

Under the SBR Framework, NBFC-ML and NBFC-UL are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. The internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations dated July 01, 2015). While Pillar 2 capital will not be insisted upon, however, NBFCs are required to make a realistic assessment of risks. Internal capital assessment shall factor in credit risk, market risk, operational risk and all other residual risks as per methodology to be determined internally. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per the NBFCs board approved policy. The objective of ICAAP is to ensure availability of adequate capital to support all risks in business as also to encourage NBFCs to develop and use better internal risk management techniques for monitoring and managing of the risks.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Concentration of credit/ investment

The erstwhile credit concentration limits prescribed for NBFCs were separate for lending and investments, however, under the SBR Framework the lending and investments exposure limits have been merged into a single exposure limit of 25% for single borrower/ party and 40% for single group of borrowers/ parties, of the Tier 1 capital of the NBFC.

Asset Classification

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

a. Standard assets

b. Sub-standard assets

c. Doubtful assets and

d. Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakhs. For this purpose, the RBI Act has defined "net owned fund" to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than 200 lakhs may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

i. ₹100 lakhs before April 1, 2016; and
ii. ₹200 lakhs before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20 per cent% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

In accordance with the RBI Master Directions, our Company has put in place a board approved policy for resource planning **("Resource Planning Policy").** The Resource Planning Policy seeks to maintain a balance in the source of funds by borrowing from the debt capital market as well as traditional borrowings from banks and others, reduce the weighted average cost of borrowing by borrowing across multiple maturities, support disbursement growth by providing adequate liquidity, and proper balancing of asset and liability mismatch within the permitted tolerance level.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹ 10,000 lakhs or more or holding public deposits of ₹ 20,000 lakhs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI, *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the SBR Direction has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. Provided that the value of gold jewellery for the purpose of determining the maximum permissible loan amount shall be the intrinsic value of the gold content therein and no other cost elements shall be added thereto. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12%. The SBR Directions has issued guidelines with regard to the following:

Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs shall keep a record of the verification of the ownership of the jewellery. The ownership

verification need not necessarily be through original receipts for the jewellery pledged but a suitable document shall be prepared to explain how the ownership of the jewellery has been determined, particularly in each and every case where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams.

The gold jewellery accepted as collateral by the NBFC shall be valued by the following method:

The gold jewellery accepted as collateral by the NBFC shall be valued by taking into account the preceding 30 days' average of the closing price of 22 carat gold as per the rate as quoted by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

If the purity of the gold is less than 22 carats, the NBFC shall convert the collateral into 22 carat and state the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately. NBFC, while accepting gold as collateral, shall give a certificate to the borrower on their letterhead, of having assayed the gold and state the purity (in terms of carats) and the weight of the gold pledged. NBFCs may have suitable caveats to protect themselves against disputes during redemption, but the certified purity shall be applied both for determining the maximum permissible loan and the reserve price for auction.

The auction shall be conducted in the same town or taluka in which the branch that has extended the loan is located. NBFCs can however pool gold jewellery from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:

- The first auction has failed.

- The NBFC shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met. Non-adherence to the above conditions will attract strict enforcement action

While auctioning the gold the NBFC must declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85 percent of the previous 30 day average closing price of 22 carat gold as declared by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewellery of lower purity in terms of carats shall be proportionately reduced.

It shall be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding shall be payable to the borrower.

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

NBFCs, which are in the business of lending against collateral of gold jewellery, shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating the vault, in each of its branches where gold jewellery is accepted as collateral. This is required to safeguard the gold jewellery accepted as collateral and to ensure convenience of borrowers. No new branch/es shall be opened without suitable arrangements for security and for storage of gold jewellery, including safe deposit vault

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable

modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further amended on January 9, 2020, in view of Government of India Gazette Notification No. G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, notifying amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. With a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer on boarding.

Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022

Applicability

The master directions are applicable to the following entities:

i) All Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks;
ii) All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Cooperative Banks; and
iii) All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

Definition of microfinance loan

A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹ 3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. Further, all collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low income households, i.e., households having annual income up to ₹ 3,00,000, shall be considered as microfinance loans.

Pricing of loans

According to the directions, each of the regulated entities must implement a board-approved policy on microfinance loan pricing, on microfinance loans, interest rates and other charges/fees should not be usurious and shall be subjected to the supervisory scrutiny of the Reserve Bank. Further, according to the master directions each of the regulated entities shall also disclose pricing related information in a standardised format.

The master directions also lay down the guidelines on conduct towards microfinance borrowers.

Qualifying asset criteria

Under the earlier guidelines, an NBFC that does not qualify as an NBFC-MFI, cannot extend microfinance loans exceeding 10 per cent of its total assets. As per the master directions, the maximum limit on microfinance loans

for such NBFCs (i.e., NBFCs other than NBFC-MFIs) is now revised to 25 per cent of the total assets.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-NSI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an Asset Liability Management committee and risk management committee. RBI *vide* its recent Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which requires all systemically important ND NBFCs having an asset size above ₹ 50,000 lakhs are required to consider adopting best practices and transparency in their systems as specified below. RBI pursuant to its Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 mandated that all NBFC having assets of ₹ 50,000 lakhs and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its Board of Directors. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the Audit Committee are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

Know Your Customers Guidelines

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

Accounting Standards & Accounting policies

NBFCs that are required to implement Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 ("**Accounting Standard Rules**") shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in the Master Directions. Disclosure requirements for notes to accounts specified in the Master Directions shall continue to apply. Other NBFCs shall comply with the requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with Master Directions. The Ministry of Corporate Affairs ("MCA"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The Accounting Standard Rules were subsequently amended by MCA press release dated March 30, 2016. The Accounting Standard Rules stipulates that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹50,000 lakh, shall comply with Ind AS for accounting periods beginning from April 1, 2023 onwards with comparatives for the periods ending on March 31, 2023 or thereafter. Accordingly, Ind AS is applicable to our Company with effect from April 1, 2023.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India *vide* notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which

will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

The guidelines cover aspects on Governance Framework, Prudential Floor for ECL and Computation of Regulatory Capital and Regulatory Ratios.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-NSIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-NSI is required to report all cases of fraud of ₹ 1 lakh and above, and if the fraud is of ₹ 100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-NSI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFCs-Deposit taking and NBFCs-ND-NSI. In terms of the circular, all NBFCs-ND-NSI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-NSI. RBI, *vide* notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NDSI returns from monthly to quarterly.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-NSI, the auditor shall made a separate report to the Board of Directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024 dated February 27, 2024

NBFCs - ML are required to report data on their domestic and overseas operations, including the operations of IFSC Banking Units (IBUs) and Overseas Banking Units (OBUs). NBFCs - ML shall design, build, and maintain the data architecture and supporting IT infrastructure for accurate, complete, and timely data aggregation and reporting not only in normal times but also during times of stress or crisis. NBFCs- ML are expected to measure and monitor the accuracy of data and to develop appropriate escalation channels and action plans to rectify any deterioration in data quality. NBFCs- ML are expected to measure and monitor the accuracy of data and to develop appropriate escalation channels and action plans to rectify any deterioration in data quality. Furthermore, NBFCs- ML should strive to achieve a higher degree of automation in the generation of data for the filing of returns. NBFCs- ML shall maintain proper records of sources and aggregation rules for generating returns' data.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹ 1 billion ("**Covered NBFCs**").

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "**Scheme**"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "**Ombudsmen**") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023

These directions require all NBFC-ML to implement a comprehensive IT governance framework that includes a board-level IT strategy committee and an IT steering committee for oversight. Additionally, a Chief Information Security Officer (CISO) and an Information Security Committee (ISC) must be appointed to manage cyber and information security risks. A critical aspect of this is the implementation of an IT and Information Security Risk Management Framework, which incorporates information security policies, cybersecurity policies, and a cyber crisis management plan. Furthermore, cybersecurity measures like regular Vulnerability Assessments (VA) and Penetration Testing (PT) along with a cyber incident response plan are mandated. The RBI also dictates guidelines for managing IT infrastructure and services, including software, hardware, third-party arrangements, capacity, projects, vendors, and data. Secure access controls with Multi-Factor Authentication (MFA) and audit trails are another requirement. To ensure business continuity in case of disruptions, NBFC-MLs must have a Business Continuity Plan (BCP) and Disaster Recovery (DR) policy that is tested regularly. Finally, an IS Audit

policy with a separate IS Audit function is necessary to conduct risk-based audits

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of non-systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines *vide* a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 read with the Master Directions for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by non-systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed

with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("ALM") System in relation to NBFCs ("ALM Guidelines") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 10,000 lakhs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹ 2,000 lakhs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their

address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution or NBFC may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. In addition to the above, a financial asset may be sold by any bank or financial institution where the asset is reported, by the bank financial institution to Central Repository for Information on Large Credit, as an NPA wherein the principal or interest payment is overdue between 61-90 days.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for to enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 100 Crores and above) has been reduced from ₹ 1 Crore to ₹ 50 Lakhs.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation

and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 330 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 66% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period. In light of the COVID-19 pandemic, the Government of India, introduced economic reforms to contribute to the ease of doing business. One of the reforms introduced is the suspension of the Code for a period of one year. An ordinance detailing the changes pursuant to this reform is expected to be introduced by the government. Further, the GoI vide notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, Government of India has increased the minimum amount of default under the insolvency matters from ₹ 1,00,000 to ₹ 1,00,00,000.

The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 ("IBC Rules, 2019")

The Code, which regulates the insolvency resolution process for "corporate persons" previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. "Financial services" is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of financial service providers.

Foreign Investment Regulations

Master Circular – Foreign Investments in India, issued by RBI dated January 04, 2018 (updated as on March 17, 2022), read with the Consolidated FDI Policy Circular of 2020, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated October 15, 2020 ("FDI Policy")

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the provisions of the FEMA regulations including the FEMA (Non-Debt Instruments) Rules, 2019 and conditions specified in paragraph 3.8.3 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

Master Circular No.10/2015-16 on Memorandum of Instructions governing money changing activities, issued by RBI dated July 1, 2015 and updated on September 10, 2015.

Guidelines for Licencing and other Approvals for Authorised Money Changers (AMCs)

Full Fledged Money Changers (FFMCs) are authorised by the Reserve Bank to deal in foreign exchange for specified purposes, to widen the access of foreign exchange facilities to residents and tourists while ensuring efficient customer service through competition. FFMCs are authorised to purchase foreign exchange from residents and non-residents visiting India and to sell foreign exchange for certain approved purposes. AD Category –I Banks/ADs Category – II/FFMCs may appoint franchisees to undertake purchase of foreign currency*. No person shall carry on or advertise that he carries on money changing business unless he is in possession of a valid money changer's licence issued by the Reserve Bank.

** **Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the***

prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.

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** Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.*

Guidelines for appointment of Agents/ Franchisees by Authorised Dealer Category – FFMCs.

Under the Scheme, the Reserve Bank permits FFMCs to enter into franchisee/agency agreements at their option for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travellers' cheques into Indian Rupees.

A franchisee can be any entity which has a place of business and a minimum Net Owned Funds of ₹ 10 lakhs. Franchisees can undertake only restricted money changing business.

FFMCs as the franchisers are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the franchisee. The Agency/Franchisee agreement to be entered into should include the salient features as mentioned under the master circular. The master circular also prescribes the procedure for application, due diligence of franchisees, selection of centres, training, reporting, audit and inspection of franchisees and Anti Money Laundering (AML)/Know Your Customer (KYC)/Combating the Financing of Terrorism (CFT) Guidelines.

Note: No licence for appointment of franchisees will be issued to any FFMC, against whom any major DoE/DRI/CBI/Police case is pending. In case where any FFMC has received one-time approval for appointing franchisees and subsequent to the date of approval, any DoE/DRI/CBI/Police case is filed, the FFMC should not appoint any further franchisees and bring the matter to the notice of the Reserve Bank immediately. A decision will be taken by the Reserve Bank regarding allowing the FFMC to appoint franchisees.

Operational Instructions

Foreign exchange in any form can be brought into India freely without limit provided it is declared on the Currency Declaration Form (CDF) on arrival to the Custom Authorities. When foreign exchange brought in the form of currency notes or travellers' cheques does not exceed US $10,000 or its equivalent and/or the value of foreign currency notes does not exceed US $5,000 or its equivalent, declaration thereof on CDF is not insisted upon.

Taking out foreign exchange in any form, other than foreign exchange obtained from an authorised dealer or a money changer is prohibited unless it is covered by a general or special permission of the Reserve Bank. Non-residents, however, have general permission to take out an amount not exceeding the amount originally brought in by them, subject to compliance with the provisions of sub-para above.

Authorised Money Changers (AMCs)/franchisees may freely purchase foreign currency notes, coins and traveller's cheques from residents as well as non-residents. Where the foreign currency was brought in by declaring on form CDF, the tenderer should be asked to produce the same. The AMC should invariably insist on production of declaration in CDF.

AMCs may sell Indian Rupees to foreign tourists/visitors against International Credit Cards/International Debit Cards and take prompt steps to obtain reimbursement through normal banking channels.

AMCs may issue certificate of encashment when asked for in cases of purchases of foreign currency notes, coins and travellers cheques from residents as well as non-residents. These certificates bearing authorised signatures should be issued on the letter head of the money changer and proper record should be maintained.

In cases where encashment certificate is not issued, attention of the customers should be drawn to the fact that unspent local currency held by non-residents will be allowed to be converted into foreign currency only against production of a valid encashment certificate.

AMCs may purchase from other AMCs and ADs any foreign currency notes, coins and encashed travellers' cheques tendered in the normal course of business. Rupee equivalent of the amount of foreign exchange purchased should be paid only by way of crossed account payee cheque/demand draft/bankers' cheque/Pay order.

AMCs may sell foreign exchange up to the prescribed ceiling (currently US $ 10,000) specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan). Exchange for such private visits will be available on a self-declaration basis to the traveller regarding the amount of foreign exchange availed during a financial year. Foreign nationals permanently resident in India are also eligible to avail of this quota for private visits provided the applicant is not availing of facilities for remittance of his salary, savings, etc., abroad in terms of extant regulations.

AMCs may sell foreign exchange to persons' resident in India for undertaking business travel or for attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad or for accompanying as attendant to a patient going abroad for medical treatment/check-up up to the limits as specified in Schedule III to FEMA (Current Account Transactions) Rules, 2000.

AMCs may convert into foreign currency, unspent Indian currency held by non-residents at the time of their departure from India, provided a valid Encashment Certificate is produced.

AMCs may convert at their discretion, unspent Indian currency up to ₹ 10,000 in the possession of non-residents if, for bona fide reasons, the person is unable to produce an Encashment Certificate after ensuring that the departure is scheduled to take place within the following seven days. FFMCs may provide facility for reconversion of Indian Rupees to the extent of ₹ 50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents- Valid passport and visa, ticket confirmed for departure within 7 days, Original ATM slip.

AMCs may issue a cash memo, if asked for, on official letterhead to travellers to whom foreign currency is sold by them. The cash memo may be required for production to emigration authorities while leaving the country.

AMCs may put through transactions relating to foreign currency notes and travellers' cheques at rates of exchange determined by market conditions and in alignment with the ongoing market rates.

AMCs should display at a prominent place in or near the public counter, a chart indicating the rates for purchase/sale of foreign currency notes and travellers' cheques for all the major currencies and the card rates for any day, should be updated, latest by 10:30 a.m.

AMCs should keep balances in foreign currencies at reasonable levels and avoid build-up of idle balances with a view to speculating on currency movements.

Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.

The transactions between authorised dealers and FFMCs should be settled by way of account payee crossed cheques/demand drafts. Under no circumstances should settlement be made in cash.

AMCs may obtain their normal business requirements of foreign currency notes from other AMCs/authorised dealers in foreign exchange in India, against payment in rupees made by way of account payee crossed cheque/demand draft.

Where AMCs are unable to replenish their stock in this manner, they may make an application to the Forex Markets Division, Foreign Exchange Department, Central Office, RBI, Mumbai through an AD Category-I for permission to import foreign currency into India. The import should take place through the designated AD Category-I through whom the application is made.

AMCs may export surplus foreign currency notes/encashed travellers' cheques to an overseas bank through designated Authorised Dealer Category - I in foreign exchange for realisation of their value through the latter. FFMCs may also export surplus foreign currency to private money changers abroad subject to the condition that either the realisable value is credited in advance to the AD Category – I bank's nostro account or a guarantee is issued by an international bank of repute covering the full value of the foreign currency notes/coins to be exported.

In the event of foreign currency notes purchased being found fake/forged subsequently, AMCs may write- off up to US $ 2000 per financial year after approval of their Top Management after exhausting all available options for recovery of the amount. Any write-off in excess of the above amount, would require the approval of the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank.

Further, provisions regarding the following are also mentioned-

- Registers and Books of Accounts of Money-changing Business
- Submission of Statements to the Reserve Bank
- Inspection of Transactions of AMCs
- Concurrent Audit
- Temporary Money Changing Facilities

Opening of Foreign Currency Accounts by AMCs

AMCs, with the approval of the respective Regional Offices of the Foreign Exchange Department, may be allowed to open Foreign Currency Accounts in India, subject to the following conditions: -

i. Only one account may be permitted at a particular centre.
ii. Only the value of foreign currency notes/encashed TCs exported through the specific bank and realised can be credited to the account.
iii. Balances in the accounts shall be utilised only for settlement of liabilities on account of:

(a) TCs sold by the AMCs and
(b) Foreign currency notes acquired by the AMCs from AD Category-I banks.
(c) No idle balance shall be maintained in the said account

All AMCs are required to submit their annual audited balance sheet to the respective Regional office of the Reserve Bank for the purpose of verification of their Net Owned Funds along-with a certificate from the statutory auditors regarding the NOF as on the date of the balance sheet. As AMCs are expected to maintain the minimum NOF on an ongoing basis, if there is any erosion in their NOF below the minimum level, they are required to bring it to the notice of the Reserve Bank immediately along with a detailed time bound plan for restoring the Net Owned Funds to the minimum required level.

FFMCs, which are not Regional Rural Banks (RRBs), Local Area Banks (LABs), Urban Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs) having a minimum net worth of ₹ 500 lakhs, may participate in the designated currency futures and currency options on exchanges recognised by the Securities and Exchange Board of India (SEBI) as clients only for the purpose of hedging their underlying foreign exchange exposures. FFMCs and ADs Category–II which are RRBs, LABs, UCBs and NBFCs, may be guided by the instructions issued by the respective regulatory Departments of the Reserve Bank in this regard.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Employees' Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

SECTION VIII – SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, 2013, the provisions of the Companies Act, 1956 and the Companies Act 2013 shall prevail over the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

SHARE CAPITAL AND VARIATION OF RIGHTS			
II.	**1.**		Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
	2.	**(i)**	Every person whose name is entered as a member in the Register of Members shall be entitled to receive within two months after incorporation , in case of subscribers to the memorandum or after allotment or within one month after the application for registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-
		(a)	One certificate for all his shares without payment of any charges; or
		(b)	Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
		(c)	Share/ Debenture Certificate shall be issued in marketable lot and where Share/ Debenture Certificates are issued for either more or less than marketable lots, sub-division/ consolidation in to marketable lots shall be done free of charge
		(ii)	Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.
		(iii)	In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
	3.	**(i)**	If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lie thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
		(ii)	The provisions of Article (2) and (3) mutatis mutandis apply to debentures of the Company.
	4.		Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any equitable, contingent, future or partial interest in any share, or in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
	5.	**(i)**	The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40, provided that the rate percent or the amount of commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
		(ii)	The rate or the amount of commission shall not exceed the rate or amount prescribed in the

			rules made under sub- section (6) of section40.
		(iii)	The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
	6.	**(i)**	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, subject to the provisions of section 48, and whether or not is being wound up , be varied with the consent in writing of the holders of three- fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
		(ii)	To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
	7.		The rights conferred upon the holders of shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
	8.		Subject to provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that are to be redeemed on such terms and in such manner as the company before the issue of the shares may, any special resolution, determine. **<u>*DEMATERIALISATION OF SECURITIES</u>** **9.** Notwithstanding anything contained herein and subject to the provisions of the Act, the Company shall be entitled to admit its shares, debentures and other securities for dematerialisation pursuant to the provisions of the Depositories Act or any other law applicable and to offer its shares, debentures and other securities for subscription in a dematerialised form. **10.** Notwithstanding anything to contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner. **11**. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be entitled to all the rights and benefits and be subject to all the Liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company. **12**. Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of securities effected by transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
<u>LIEN</u>			
	13.	**(i)**	The Company shall have a first and paramount lien-
		(a)	on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
		(b)	on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company; PROVIDED the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. ***Inserted vide special resolution at the EGM of the company dated 19th December 2018***

		(ii)	The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
	14.		The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien. PROVIDED no sale shall be made-
		(a)	unless a sum in respect of which the lien exists is presently payable; or
		(b)	until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
	15.	**(i)**	To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof;
		(ii)	The purchaser shall be registered as the holder of shares comprised in any such transfer.
		(iii)	The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
	16.	**(i)**	The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists and is presently payable.
		(ii)	The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
CALLS ON SHARES			
	17	**(i)**	The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times: PROVIDED that no call shall exceed one- fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
		(ii)	Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
		(iii)	The call may be revoked or postponed at the discretion of the Board.
	18		A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
	19		The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
	20	**(i)**	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten percent per annum or at such lower rate , if any, as the Board may determine.

		(ii)	The Board shall be at the liberty to waive payment of any such interest wholly or in part
	21	**(i)**	Any sum by which the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by terms of issue such sum becomes payable.
		(ii)	In case of non –payment of such sum, all the relevant provisions of these regulations as to the payment of interest and expenses, forfeiture or otherwise shall apply as is such sum had become payable by virtue o a call duly made and notified.
	22		The Board-
		(a)	may, if thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares; and
		(b)	upon all or any of the monies so advanced, any (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
TRANSFER OF SHARES			
	23	**(i)**	The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
		(ii)	The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.
	24		The Board may, subject to the right of appeal conferred by Section 58 decline to register-
		(a)	the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
		(b)	The transfer of shares on which the company has a lien.
	25		The Board may decline to recognize any instrument of transfer unless-
		(a)	the instrument of transfer is in the form as prescribed in the rules made under sub- section (1) of Section 56;
		(b)	the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
		(c)	the instrument of transfer is in respect of only one class of shares.
	26		On giving less than seven days' previous notice in accordance with Section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. PROVIDED that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
TRANSMISSION OF SHARES			
	27	**(i)**	On the death of a member, the survivor or survivors where the member was a joint holder, and

			his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to the interest in the shares.
		(ii)	Noting in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
	28	**(i)**	Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-
		(a)	to be registered himself as holder of the share; or
		(b)	to make such transfer of shares as the deceased or insolvent member could have made.
		(ii)	The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
	29	**(i)**	If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
		(ii)	If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
		(iii)	All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
	30		A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the company. PROVIDED that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
<u>FORFEITURE OF SHARES</u>			
	31		If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalments remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as unpaid, together with any interest which may have accrued.
	32		The notice aforesaid shall-
		(a)	name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
		(b)	state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
	33		If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

	34	**(i)**	A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
		(ii)	At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
	35	**(i)**	A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
		(ii)	The liability of such person shall cease if and when the company shall have received the payment in full of all such monies in respect of the shares.
	36	**(i)**	A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
		(ii)	The company may received the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favor of the person to whom the share is sold or disposed of;
		(iii)	The transferee shall thereupon be registered as the holder of the share; and
		(iv)	The transferee shall not be bound to see the application of the purchase money, if any, nor his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
	37		The provisions of these regulation as to forfeiture shall apply in case of non- payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
ALTERATION OF CAPITAL			
	38		The company may, from time to time, by ordinary resolution, increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
	39		Subject to the provisions of Section 61, the Company may, by ordinary resolution-
		(a)	consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
		(b)	convert all or any its fully paid-up shares into stock, reconvert that stock into fully paid-up shares of any denomination.
		(c)	sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum
		(d)	cancel any shares which, at the date of passing of resolution, have not been taken or agreed to be taken by any person.
	40		Where shares are converted into stock-
		(a)	the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulation under which, the shares from which the stock arose might

			before the conversion have been transferred, or as near thereto as circumstances admit: PROVIDED that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
		(b)	the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
	41		The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law-
		(a)	its share capital
		(b)	any capital redemption reserve account; or
		(c)	any share premium account
CAPITALISATION OF PROFITS			
	42	**(i)**	The company in general meeting nay, upon the recommendation of the Board, resolve-
		(a)	that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
		(b)	that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
		(ii)	The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (iii), either in or towards-
		(A)	Paying up any amounts for the time being unpaid on any shares held by such members respectively;
		(B)	Paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
		(C)	Partly in way specified in sub-clause (A) and partly in that specified in sub-clause (B)
		(D)	A securities premium account and a capital redemption reserve account may, for the purpose of this regulation, be applied in the paying up of unissued shares to be issued to the members of the company as fully paid bonus shares
		(E)	The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
	43	**(i)**	Whenever such a resolution as aforesaid shall have been passed, the Board shall-
		(a)	make appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares, if any; and
		(b)	to authorize any person to enter, on behalf of the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up,

			of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares.
		(iii)	Any agreement made under such authority shall be effective and binding on such members.
BUY-BACK OF SHARES			
	44		Notwithstanding anything contained in these articles but subject to the provisions of section 68 to 70 and any other applicable provisions of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
GENERAL MEETINGS			
	45		All general meeting other than Annual General Meeting shall be called Extraordinary General Meeting.
	46	**(i)**	The Board may, whenever it thinks fit, call an extraordinary general meeting.
		(ii)	If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
	47	**(i)**	A general meeting called Annual General Meeting shall be held at least once in each year pursuant to section 96 and shall specify the meeting as such in the notice calling it and not more than fifteen months shall elapse between the date of one Annual General Meeting of the company and that of the next.
		(ii)	Every Annual General Meeting shall be called during the business hours on any day that is not a National Holiday and shall be held either at the Registered Office of the company or some other place within the city, town or village in which the Registered Office of the company is situated.
NOTICE OF GENERAL MEETING			
	48	**(i)**	Pursuant to provisions of section 101 a general meeting of the company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode.
		(ii)	A general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting.
		(iii)	The notice shall specify the place, date, day and of the hour of the meeting shall contain a statement of the business to be transacted at such meeting
		(iv)	Any accidental omission to give notice to, or the non- receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.
		(v)	In the light of section 102, a statement setting out the material facts concerning each item of the special business to be transacted at the general meeting shall be annexed to the notice calling such meeting.
PROCEEDINGS AT GENERAL MEETING			

	49	**(i)**	No business shall be transacted at any general meeting unless a quorum of members is present at any time when the meeting proceeds to business.
		(ii)	Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 i.e. five members to be present in person (who are qualified to vote) shall be the quorum of the meeting.
	50		The Chairman of the Board shall preside as the Chairperson at every general meeting of the company.
	51		If the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present shall elect one of their members to be the Chairperson of the meeting.
	52		If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairperson of the meeting.
ADJOURNMENT OF MEETING			
	53	**(i)**	If the quorum is not present within half an hour from the appointed time for holding the meeting of the company, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine.
		(ii)	No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
		(iii)	When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
		(iv)	Save as aforesaid and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
		(v)	If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding meeting, the members present shall be the quorum.
VOTING RIGHTS			
	54		Subject to any rights or restrictions for the time being attached to any class of classes of shares-
		(a)	On a show of hands, every member present in person shall have one vote; and
		(b)	On a poll, the voting rights of members shall be in proportion to his shares in the paid-up equity share capital of the company
	55	**(i)**	In case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
		(ii)	For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
	56		A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunancy, may vote, whether on a show of hands or on a poll, by his committee or legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
	57		Any business other than that upon which a poll has been demanded may be proceeded with,

			pending the taking of the poll.
	58		No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
	59	**(i)**	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
		(ii)	Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
			PROXY
	60		The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than 24 hours before the time appointed for taking of the poll; and in default the instrument of proxy shall not be treated as valid.
	61		An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
	62		A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given: PROVIDED that no intimation in writing of such death or insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting which the proxy is used.
			CLOSURE OF REGISTER OF MEMBERS
	63		The company may close the Register of Members or Register of Debenture holders or of other security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time, subject to giving of previous notice of at least seven days through an advertisement in a vernacular newspaper in the principal vernacular language of the district where the Registered Office is situated and in English language in an English newspaper where the Registered Office is situated and publish the same on the website of the company.
			BOARD OF DIRECTORS
	64		The number of directors and the name of the first directors shall be determined n writing by the subscribers to the memorandum or a majority of them.
	65	**(i)**	The remuneration of the directors shall be determined and recommended by the Nomination and Remuneration Committee of the company within the limits laid down in section 197 of the Act.
		(ii)	The remuneration of the directors shall, insofar as it consists of a monthly payment, be deemed to accrue from day-to-day.
		(iii)	In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them-

		(a)	In attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company:
		(b)	In connection with the business of the company.
		(iv)	Every director shall be entitled to paid out of the funds of the company by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever s may be decided by the Board in light of Section 197 of the Act.
	66		Until otherwise determined by the company in general meeting and subject to section 149 of the Act, the number of directors of the company shall not be less than three and shall not be more than fifteen.
	67		The company may exercise the powers conferred on it by section 88 with regard to keeping of foreign registers; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
	68		All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts of monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and such manner as the Board shall from time to time by resolution determine.
	69		Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
ADDITIONAL DIRECTORS			
	70		Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as additional director, provided the number directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
	71		Such person shall hold office only up to the date of the next Annual General Meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
NOMINEE DIRECTORS			
	72 **72 (A)**		In pursuance of section 161(3) and other applicable provisions of the Act, and upon such terms and conditions as the Board may deem fit, may appoint any person as director nominate by any institution in pursuance of the provisions of any law for the time being in force or of any agreement and the Board of Directors are at the liberty to remove such nominee from the office of director and on such removal or a vacancy being caused for whatsoever reason, to appoint another nominee in his place. ***APPOINTMENT OF NOMINEE DIRECTORS BY DEBENTURE TRUSTEE** Notwithstanding anything contained in this Articles, the Board shall have the power, on receipt of the nomination by the debenture trustee/ trustee appointed under the trust documents or any other documents relating to or covering the issue of debentures or bonds of the Company, pursuant to and in accordance with the Act, Debenture Trust cum Hypothecation Deed or any other rules/ regulations/ circular/ guidelines/ notification issued by SEBI or any other government authority in this regard in the event of: two consecutive defaults in payment of interest to the debenture holders; or default in creation of security for debentures or default in redemption of debentures,

			to nominate and appoint a Director for and on behalf of the holders of the debentures or bonds for such period as notified by such debenture trustee/ trustee but in any case not exceeding the period for which the Debentures/Bonds or any of them shall remain outstanding and for the removal from office of such Nominee Director and on a vacancy being caused whether by resignation, death, removal or otherwise for appointment of a Nominee Director in the vacant place. Such Nominee Director shall neither be required to hold any qualification share or be liable to retire by rotation and shall continue in office for so long as the debt subsists.
			ALTERNATE DIRECTORS
	73	**(i)**	The Board of Directors may appoint a person not being a person holding any alternate directorship for any other director in the company, to act as an alternate for a director during his absence for a period of not less than 3 months three months from India. PROVIDED that no person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act. ****Inserted vide special resolution passed at the 26th AGM of the company dated 5th day of September 2023***
		(ii)	An alternate director shall not hold office for a period longer than that permissible to the Director in whose pace he has been appointed and shall vacate the office if and when the director in whose place he has been appointed returns to India.
		(iii)	If the term of office of the original director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.
		(iv)	An alternate director shall alone be responsible to the company for his own acts and defaults and shall not be deemed to be the agent or act on behalf of the original director. The remuneration of any such alternate director shall be payable out of the remuneration payable to the original director and shall consists of such part, if any, of the last-mentioned remuneration as shall be agreed between the alternate director and original director.
			***PROCEEDINGS OF THE BOARD**
	74	**(i)**	The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
		(ii)	A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
		(iii)	Pursuant to section 173 of the Act and Clause 2.1 of the Secretarial Standards-I issued by the Institute of Company Secretaries of India, the Board shall meet at least once in every calendar quarter and not more than one hundred and twenty days shall elapse between two consecutive meetings.
	75	**(i)**	Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of the votes.
		(ii)	In case of equality of votes, the Chairperson of the Board shall have a second or casting vote.
	76		The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum or of summoning a general meeting of the company, but for no other purpose.
	77	**(i)**	The Board may elect a Chairperson of its meetings and determine the period for which he is to hold the office.

		(ii)	If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one among them to be the Chairperson of the meeting.
	78	**(i)**	The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member (s) of its body as it thinks fit.
		(ii)	Any committee so formed shall, in exercise of its powers so delegated, conform to any regulations that may be imposed on it by the Board.
	79	**(i)**	A committee may elect a Chairperson for its meetings.
		(ii)	If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among them to be the Chairperson of the meeting.
	80	**(i)**	A committee may meet and adjourn as it thinks fit.
		(ii)	Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
	81		All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defects in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
	82		Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to received notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

*** BORROWING POWERS**

83 Subject to the provisions of Sec.73, 179 and 180 of the Act, and Rules made there under and the directions issued by the RBI the directors may, from time to time, raise or borrow any sums of money for and on behalf of the Company from the member or other persons, companies or banks or they may themselves advance money to the company on such interest as may be approved by the Directors.

84 Subject to the provisions of the Act and these Articles, the Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future)

****Inserted vide special resolution at the EGM of the company dated 19th November 2018***

85 Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

QUALIFICATION SHARES FOR DIRECTORS

	86		The directors are required to hold as qualification shares 500 (five hundred) equity shares of Rs.10/- (Rupees Ten) each. The qualification shares are required to be obtained within 2

			months of their appointment. The independent directors need not hold qualification shares.
			ROTATION OF DIRECTORS
	87	**(i)**	Pursuant to provisions of section 152 of the Act, at every Annual General Meeting, one-third of the directors for the time being are liable to retire by rotation, or if their number neither three nor multiples of three, then, the number nearest to one-third, shall retire from office.
		(ii)	The Managing Director, Independent Director(s) and Nominee Director(s), if any, shall not be liable to retire by rotation.
		(iii)	The directors liable to retire by rotation at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determine by lot.
		(iv)	A retiring director shall be eligible for re-election. The retiring director shall continue in office till the conclusion of the meeting at which he retires.
		(v)	At the Annual General Meeting at which a director retires as aforesaid, the company may fill up the vacancy by appointing the retiring director or some other person thereto.
			POWER TO REMOVE A DIRECTOR
	88	**(i)**	Subject to the provisions of Section 169 of the Act, the company may by ordinary resolution, for which a special notice is received, remove any (not being a nominee director) before the expiration of his period of office after giving a reasonable opportunity of being heard and may appoint any other person in his place.
		(ii)	A vacancy created by the removal of a director under this section may, if he had been appointed by the company in general meeting or by the Board, be filled by the appointment f another director in his place at the meeting at which he is removed, upon receipt of a special notice for the intended appointment.
		(iii)	A director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed.
		(iv)	If the vacancy is not filled under sub section 5 of section 169, it may be filled as a casual vacancy in accordance with the provisions of the Act.
			RIGHT OF PERSONS OTHER THAN RETIRING DIRECTORS TO STAND FOR DIRECTORSHIP
	89		In view of the provisions of Section 160 of the Act, a person who is not a retiring director in terms of section 152 shall, subject to the provisions of this Act, be eligible for reappointment to the office of the director at any general meeting, if he, or some member intending to propose him as director, has, not less than fourteen days before the meeting, left at the registered office of the company, a notice in writing under his hands signifying his candidature as a director or, as the case may be , intention of such member to propose him as a candidate for that office, along with a deposit of one lakh rupees which shall be refunded to such person, as the case may be, to the member, if the person proposed gets elected as a director or gets more than twenty five percent of total valid votes cast either on show of hands or on poll on such resolution.
			CIRCULAR RESOLUTION
	90		Subject to provisions of section 175, a resolution in writing circulated to all the directors for

			the time being in India to the committee of directors appointed under these articles assented to by a majority of them shall be as valid as a resolution duly passed at a meeting of the Board or the Committee called and held in accordance with these present.
CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER			
	91		Subject to the provisions of the Act-
		(i)	A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board.
		(ii)	A director may be appointed as the Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
	92		The provisions of the Act or these regulations requiring or authorizing a thing to be done by or to a director and Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
AUDITORS			
	93	**(i)**	Pursuant to the provisions of Section 139 of the Act, the members of the company shall at every Annual General Meeting appoint an auditor(s) until the conclusion of the next Annual General Meeting and fix their remuneration
		(ii)	Before such appointment is made, the written consent of the auditor shall be obtained for his appointment and a certificate to the effect that the appointment has been made in accordance with conditions as prescribed in Rule 4 of Companies (Audit and Auditors) Rules, 2014 and the certificate shall mention that the Auditor(s) satisfies the criteria provided in section 141 of the Act.
TERM OF AUDITORS			
	94	**(i)**	The company shall not appoint an individual auditor for more than one term of five consecutive years and an audit firm as auditor for more than two terms of five consecutive years.
		(ii)	No audit firm having a common partner(s) to the other audit firm, whose tenure has expired in a company immediately preceding the financial year, shall be appointed as Auditor of the company for a period of five years.
REMOVAL OF AUDITOR			
	95		Subject to the provisions of section 140, the auditor appointed under section 139 may be removed from his office before the expiry of his term by a special resolution of the company after obtaining prior approval of the Central Government after giving the auditor a sufficient opportunity of being heard.
APPOINTMENT OF AUDITORS OTHER THAN RETIRING AUDITOR			
	96	**(i)**	Pursuant provisions of section 140, a person other than the retiring auditor shall not be capable of being appointed as auditor at an Annual General Meeting unless a special notice to the intention to propose some other person to the office of the auditor or providing expressly that a retiring auditor shall not be re-appointed, except where the retiring auditor has completed a consecutive tenure of five years, as the case may be, ten years as provided in sub-section (2) of section 139.

		(ii)	The company shall forthwith give a copy of such notice thereof to the members not less than seven days before the meeting.
THE SEAL			
	97	**(i)**	The Board shall provide for the safe custody of the seal.
		(ii)	The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.
DIVIDENDS AND RESERVE			
	98		The company in general meeting may declare dividends, but no dividend shall exceed the amount declared by the Board.
	99		Subject to provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
	100	**(i)**	The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve(s) which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
		(ii)	The Board may also carry forward any profits which may consider necessary not to divide, without setting them aside as a reserve.
	101	**(i)**	Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
		(ii)	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
		(iii)	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion(s) of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
	102		The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
	103	**(i)**	Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or in case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or the joint holders may in writing direct.
		(ii)	Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

	104		Any of the two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
	105		No dividend shall bear interest against the company.
			ACCOUNTS
	106	**(i)**	The Board shall from time to time determine whether and to what extend and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of the members not being directors.
		(ii)	No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or as authorized by the Board or by the company in general meeting.
			WINDING UP
	107		Subject to the provisions of Chapter XX of the Act and rules made thereunder-
		(i)	If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
		(ii)	For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid, and may determine how such division shall be carried out as between the members or different classes of members.
		(iii)	The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so far that no member shall be compelled to accept any shares or other securities whereon there is any liability.
			SECRECY CLAUSE
	108		**Power to enforce secrecy:** Every Director, Manager, Trustee, Member of Committee, officer, servant, Agent, Accountant or other person employed in the business of the Company, shall, if so required by the Board, before entering upon his duties, sign a declaration and pledge himself to observe strict secrecy respecting all transactions of the Company with customers and others and he shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by a court of law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these presents.
			INDEMNITY
	109		Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which the judgment is given in his favor or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

SECTION IX -OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of the Prospectus to be delivered to the Registrar of Companies, Kerala at Kochi for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 am to 5:00 pm on Working Days from the date of the filing of the Prospectus with the RoC until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated December 13, 2024, between the Company and the Lead Manager;

2. Registrar Agreement dated December 9, 2024, between the Company and the Registrar to the Issue;

3. Debenture Trusteeship Agreement dated December 06, 2024, between the Company and MITCON Credentia Trusteeship Services Limited, the Debenture Trustee;

4. Public Issue Account and Sponsor Bank Agreement dated [●], executed by our Company, the Registrar, the Public Issue Account Bank(s), Sponsor Bank and Lead Manager;

5. Syndicate Agreement [●] 2024, between the Company and the Syndicate Member;

6. Tripartite Agreement dated October 28, 2023 between CDSL, the Company and the Registrar to the Issue; and

7. Tripartite Agreement dated October 16, 2023 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Certificate of incorporation of Company dated March 3, 1997, issued by Registrar of Companies, Kerala at Kochi;

2. Memorandum and Articles of Association of the Company, as amended to date;

3. The certificate of registration No. N-16.00178 dated December 12, 2002 issued by RBI under Section 45IA of the RBI Act;

4. Credit rating letter dated July 23, 2024 along with revalidation letter dated November 21, 2024 from India Ratings & Research Private Limited, granting credit rating to the NCDs, for the proposed non-convertible debenture issue;

5. Copy of the Board Resolution dated November 05, 2024, approving the Issue aggregating up to ₹ 15,000 lakh;

6. Resolution passed by the shareholders of the Company at the Annual General Meeting held on September 30, 2024 approving the overall borrowing limit of Company;

7. Copy of the Debenture Allotment Committee resolution dated December 13, 2024 approving the Draft Prospectus;

8. Copy of the Debenture Allotment Committee resolution dated [●], 2024, approving the Prospectus;

9. Consents of the Directors, Chief Financial Officer, Lead Manager, Debenture Trustee, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Counsel to the Issue, Bankers to the Company, Public Issue Account Bank, Refund Bank, Sponsor Bank and the Registrar to the Issue, to include their names in this Draft Prospectus;

The consent of our previous statutory auditors, namely M/s. Manikandan & Associates, Chartered Accountants dated December 10, 2024, for inclusion of their names as the previous Statutory Auditors and experts in respect of the: The audited financial statements of our Company comprises of balance sheet as at March 31, 2022, March 31, 2023 and March 31, 2024, the statement of profit and loss for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as audited by our previous Statutory Auditor as at and for the years ended March 31, 2022, March 31, 2023 and March 31, 2024. The consent of the Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus;

10. Our Company has further received a consent dated December 12, 2024 from M/s. Varma & Varma, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor.

11. Copy of statutory auditor's certificate on statement of possible tax benefits dated December 13, 2024;

12. Industry report titled "Gold Loan Industry in India" dated November 27, 2024, prepared and issued by Fitch Solutions India Advisory Private Limited;

13. Annual Reports of the Company for last three Financial Years;

14. Audited Financial Statements of the Company for the year ending March 31, 2024, March 31, 2023 and March 31, 2022;

15. Due Diligence certificate dated December 12, 2024 from Debenture Trustee to the Issue

16. Due Diligence certificate dated [●], 2024, filed with SEBI by the Lead Manager; and

17. In-principle listing approval letter dated [●], dated [●], 2024 issued by BSE, for the Issue.

Any of the contracts or documents mentioned in the Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants, subject to compliance of the provisions contained in the provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Director of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. I hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this Draft Prospectus has been suppressed or concealed and whatever is stated is as per the original records maintained by the Promoter(s) subscribing to the Memorandum of Association and Articles of Association. The contents of the document have been perused by the Board of Directors, and the final and ultimate responsibility of the contents mentioned herein shall also lie with Board of Directors.

Signed by the Directors of our Company

Richi Mathew
Managing Director

Mathew Mathaininan
Chairman and Whole-Time Director

Ammini Mathew
Whole Time Director

Asha Richi Mathew
Non-Executive Director

Anthony Robert John
IndependentDirector

Dillark Justin
Independent Director

Date: December 13, 2024
Place: Thiruvananthapuram

ANNEXURE I - DAY COUNT CONVENTION

As specified in the Prospectus.

ANNEXURE II – CREDIT RATING LETTER AND RATING RATIONALE/PRESS RELEASE

Please turnover for the rationale

India Ratings & Research
A Fitch Group Company

FitchGroup

Richi Mathew
Managing Director
Regd Office: 1st Floor, North Block, "Muthoot Floors",
Opposite W & C Hospital, Thycaud,
Thiruvananthapuram , Kerala- 695014.

November 21, 2024

Dear Sir/Madam,

Re: Rating Letter for non-convertible debenture (NCD) programme of Muthoot Mercantile Limited

India Ratings and Research (Ind-Ra) is pleased to communicate the rating of:

- INR 4500mn NCDs: IND BBB/Stable

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any

investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

K Gupta

Karan Gupta
Director

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
NCDs	INE05F407BK7	21/12/2023	10.0	20/12/2024	IND BBB/Stable	36.272
NCDs	INE05F407BD2	21/12/2023	9.5	20/12/2024	IND BBB/Stable	56.431
NCDs	INE05F407BR2	21/12/2023	0.00	20/12/2024	IND BBB/Stable	51.527
NCDs	INE05F407BA8	21/12/2023	0.00	20/12/2024	IND BBB/Stable	87.058
NCDs	INE05F407BE0	21/12/2023	9.7	21/06/2025	IND BBB/Stable	35.341
NCDs	INE05F407BS0	21/12/2023	10.2	21/06/2025	IND BBB/Stable	23.561
NCDs	INE05F407BC4	21/12/2023	0.00	21/06/2025	IND BBB/Stable	34.463
NCDs	INE05F407BT8	21/12/2023	0.00	21/06/2025	IND BBB/Stable	26.018
NCDs	INE05F407BF7	21/12/2023	9.8	21/12/2025	IND BBB/Stable	20.427
NCDs	INE05F407BN1	21/12/2023	10.3	21/12/2025	IND BBB/Stable	25.498
NCDs	INE05F407BI1	21/12/2023	0.00	21/12/2025	IND BBB/Stable	14.811
NCDs	INE05F407BP6	21/12/2023	0.00	21/12/2025	IND BBB/Stable	11.616
NCDs	INE05F407BM3	21/12/2023	10.8	21/12/2026	IND BBB/Stable	88.142
NCDs	INE05F407BG5	21/12/2023	10.3	21/12/2026	IND BBB/Stable	104.672

NCDs	INE05F407BH3	21/12/2023	0.00	21/12/2026	IND BBB/Stable	38.138
NCDs	INE05F407BO9	21/12/2023	0.00	21/12/2026	IND BBB/Stable	26.886
NCDs	INE05F407BL5	21/12/2023	11.0	21/12/2028	IND BBB/Stable	103.072
NCDs	INE05F407BB6	21/12/2023	10.5	21/12/2028	IND BBB/Stable	118.878
NCDs	INE05F407BJ9	21/12/2023	0.00	21/12/2028	IND BBB/Stable	3.701
NCDs	INE05F407BQ4	21/12/2023	0.00	21/12/2028	IND BBB/Stable	10.405
NCDs	INE05F407AZ7	21/12/2023	0.00	21/03/2030	IND BBB/Stable	125.132
NCDs	INE05F407BZ5	27/05/2024	10.5	29/05/2025	IND BBB/Stable	84.253
NCDs	INE05F407CA6	27/05/2024	Zero Interest	29/05/2025	IND BBB/Stable	65.335
NCDs	INE05F407CJ7	27/05/2024	10.5	26/11/2025	IND BBB/Stable	14.537
NCDs	INE05F407CF5	27/05/2024	Zero Interest	26/11/2025	IND BBB/Stable	22.224
NCDs	INE05F407CI9	27/05/2024	10.6	27/05/2026	IND BBB/Stable	25.09
NCDs	INE05F407CG3	27/05/2024	Zero Interest	27/05/2026	IND BBB/Stable	14.281
NCDs	INE05F407CB4	27/05/2024	10.8	27/05/2027	IND BBB/Stable	115.183
NCDs	INE05F407CD0	27/05/2024	Zero Interest	27/05/2027	IND BBB/Stable	34.95
NCDs	INE05F407CH1	27/05/2024	10.8	27/05/2029	IND BBB/Stable	73.243
NCDs	INE05F407CC2	27/05/2024	Zero Interest	27/05/2029	IND BBB/Stable	11.276
NCDs	INE05F407CE8	27/05/2024	Zero Interest	27/07/2030	IND BBB/Stable	78.484
NCDs	INE05F407CS8	11/09/2024	10.7	16/10/2025	IND BBB/Stable	125.365
NCDs	INE05F407CK5	11/09/2024	Zero Interest	16/10/2025	IND BBB/Stable	81.107
NCDs	INE05F407CP4	11/09/2024	10.8	11/05/2026	IND BBB/Stable	27.618
NCDs	INE05F407CN9	11/09/2024	Zero Interest	11/05/2026	IND BBB/Stable	28.642
NCDs	INE05F407CM1	11/09/2024	11.3	11/09/2027	IND BBB/Stable	255.69
NCDs	INE05F407CQ2	11/09/2024	Zero Interest	11/09/2027	IND BBB/Stable	44.779
NCDs	INE05F407CO7	11/09/2024	11.5	11/09/2029	IND BBB/Stable	147.37
NCDs	INE05F407CL3	11/09/2024	Zero Interest	11/09/2029	IND BBB/Stable	7.13
NCDs	INE05F407CR0	11/09/2024	Zero Interest	11/10/2030	IND BBB/Stable	117.15
NCDs(Unutilised)					IND BBB/Stable	2084.24

India Ratings & Research
A Fitch Group Company

FitchGroup

Richi Mathew
Managing Director
Regd Office: 1st Floor, North Block, "Muthoot Floors",
Opposite W & C Hospital, Thycaud,
Thiruvananthapuram , Kerala- 695014.

July 23, 2024

Dear Sir/Madam,

Re: Rating Letter for BLR of Muthoot Mercantile Limited

India Ratings and Research (Ind-Ra) has taken following rating actions on Muthoot Mercantile Limited's (MML) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Long-term bank loans	-	-	-	INR2,400	IND BBB/Stable	Affirmed
Non-convertible debentures*	-	-	-	INR 3,000	IND BBB/Stable	Affirmed
Non-convertible debentures^	-	-	-	INR1,500	IND BBB/Stable	Assigned

*Details in Annexure
^Yet to be issued

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

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Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

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Sincerely,

India Ratings



Karan Gupta
Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Term Loan	Karur Vysya Bank	IND BBB/Stable	183.30
Working Capital Demand Loan	Federal Bank	IND BBB/Stable	50.00
Term Loan	Federal Bank	IND BBB/Stable	204.20
Term Loan	State Bank of India	IND BBB/Stable	818.70
Working Capital Demand Loan	Karur Vysya Bank	IND BBB/Stable	200.00
Cash Credit	State Bank of India	IND BBB/Stable	500.00
Cash Credit	Indian Overseas Bank	IND BBB/Stable	100.00
Term loan	South Indian Bank	IND BBB/Stable	155.00
Term Loan	NA	IND BBB/Stable	188.80

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
NCD	INE05F407AZ7	21/12/2023	0	21/03/2030	IND BBB/Stable	125.13
NCD	INE05F407BA8	21/12/2023	0	20/12/2024	IND BBB/Stable	87.58
NCD	INE05F407BC4	21/12/2023	0	21/06/2025	IND BBB/Stable	34.46
NCD	INE05F407BH3	21/12/2023	0	21/12/2026	IND BBB/Stable	38.13
NCD	INE05F407BI1	21/12/2023	0	21/12/2025	IND BBB/Stable	14.81
NCD	INE05F407BJ9	21/12/2023	0	21/12/2028	IND BBB/Stable	3.7
NCD	INE05F407BO9	21/12/2023	0	21/12/2026	IND BBB/Stable	26.88
NCD	INE05F407BP6	21/12/2023	0	21/12/2025	IND BBB/Stable	11.61
NCD	INE05F407BQ4	21/12/2023	0	21/12/2028	IND BBB/Stable	10.4
NCD	INE05F407BR2	21/12/2023	0	20/12/2024	IND BBB/Stable	51.52
NCD	INE05F407BT8	21/12/2023	0	21/06/2025	IND BBB/Stable	26.18
NCD	INE05F407BD2	21/12/2023	9.5	20/12/2024	IND BBB/Stable	56.4
NCD	INE05F407BK7	21/12/2023	10	20/12/2024	IND BBB/Stable	36.2
NCD	INE05F407BE0	21/12/2023	9.65	21/06/2025	IND BBB/Stable	35.2
NCD	INE05F407BS0	21/12/2023	10.15	21/06/2025	IND BBB/Stable	23.5
NCD	INE05F407BF7	21/12/2023	9.75	21/12/2025	IND BBB/Stable	20.4
NCD	INE05F407BN1	21/12/2023	10.25	21/12/2025	IND BBB/Stable	25.4
NCD	INE05F407BG5	21/12/2023	10.25	21/12/2026	IND BBB/Stable	104.6
NCD	INE05F407BM3	21/12/2023	10.75	21/12/2026	IND BBB/Stable	88.1
NCD	INE05F407BB6	21/12/2023	10.5	21/12/2028	IND BBB/Stable	118.87
NCD	INE05F407BL5	21/12/2023	11	21/12/2028	IND BBB/Stable	103.7
NCD	INE05F407BZ5	27/05/2024	10.5	29/05/2025	IND BBB/Stable	84.25
NCD	INE05F407CA6	27/05/2024	0	29/05/2025	IND BBB/Stable	65.33

NCD	INE05F407CB4	27/05/2024	10.75	27/05/2027	IND BBB/Stable	115.18
NCD	INE05F407CC2	27/05/2024	0	27/05/2029	IND BBB/Stable	11.27
NCD	INE05F407CD0	27/05/2024	0	27/05/2027	IND BBB/Stable	34.95
NCD	INE05F407CE8	27/05/2024	0	27/07/2030	IND BBB/Stable	78.48
NCD	INE05F407CF5	27/05/2024	0	26/11/2025	IND BBB/Stable	22.22
NCD	INE05F407CG3	27/05/2024	0	27/05/2026	IND BBB/Stable	14.28
NCD	INE05F407CH1	27/05/2024	10.8	27/05/2029	IND BBB/Stable	73.2
NCD	INE05F407CI9	27/05/2024	10.6	27/05/2026	IND BBB/Stable	25.09
NCD	INE05F407CJ7	27/05/2024	10.5	26/11/2025	IND BBB/Stable	14.53
NCD(Unutilised)					IND BBB/Stable	2918.45

India Ratings Assigns Muthoot Mercantile's Additional NCDs 'IND BBB'/Stable; Affirms Existing Ratings

Jul 23, 2024 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has taken following rating actions on Muthoot Mercantile Limited's (MML) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Long-term bank loans	-	-	-	INR2,400	IND BBB/Stable	Affirmed
Non-convertible debentures*	-	-	-	INR 3,000	IND BBB/Stable	Affirmed
Non-convertible debentures^	-	-	-	INR1,500	IND BBB/Stable	Assigned

*Details in Annexure
^Yet to be issued

Analytical Approach

Ind-Ra continues to take a standalone view of MML for the rating review.

Detailed Rationale of the Rating Action

The ratings reflect MML's improved performance with the loan book increasing to INR7.3 billion in June 2024 (FY23: INR5.13 billion) with the predominant loan book consisting of gold loans (over 99.3% of loan book in June 2024) and having a pan-India presence with the major geographical share being in Maharashtra, Odisha and Kerala. MML has also managed to keep the asset quality under control while increasing the stage 3 provisions as a prudential practice. The company's liability profile remains concentrated towards subordinated debt, and private and public non-convertible debentures (NCDs), while the company's funding lines from five banks has declined in proportion, as MML continued to rely on NCDs for funding loan book growth in FY24. The ratings reflect MML's increased profitability in FY24, owing to improved yields and controlled credit costs, even as the operating expense increased because of an addition of branches. The ability to scale up profitably while also keeping the asset quality under control, as the company has a majority of the portfolio in non-south geography, remains a key monitorable.

List of Key Rating Drivers

Strengths
- Significant growth and franchise expansion; improved geographic diversification

- Reasonable profitability supporting growth
- Stable asset quality
- Adequate capitalisation

Weaknesses
- Scaling up of business and profitability remain monitorable
- Funding profile remains concentrated

Detailed Description of Key Rating Drivers

Significant Growth and Franchise Expansion; Improved Geographic Diversification: MML has a long track record of operations in gold loan business and registered significant growth during FY23-FY24, with the loan book growing around 30% yoy to INR7.3 billion in 1QFY25, backed by the addition of new branches. MML added more than 50 new branches over FY23-FY24, taking the total branch count to 264 at end-March 2024. Until 2019, the company had operations only in Kerala and Tamil Nadu (FY24: 21% of the loan book; FY23: 28%; FY22: 42.96%; FY21: 48%; FY20: 73%; FY19: 99.8%); however, it has now diversified its geographical presence to Madhya Pradesh, Punjab, Maharashtra, Orissa, New Delhi, Uttar Pradesh, Rajasthan and Haryana.

Furthermore, the company had started disbursing small-ticket personal loans to existing customers with a robust repayment track record during COVID-19, which constituted 2%-3% of the total portfolio and touched INR40 million at end-June 2024 (March 2024: INR164 million, March 2023: INR128 million; March 2022: INR89.4 million; March 2021: nil). However, the same has been stopped and the portfolio is likely to run down in FY25. MML will also be looking for co-lending opportunities to increase its portfolio in the near term. The company also operates two Nidhi companies; however, as per management, there were no transactions between the Nidhi companies and MML at end-March 2024, in accordance with the Reserve Bank of India's requirements.

Reasonable Profitability Supporting Growth: MML's net interest margin increased to 12.15%, according to the audited financials for FY24 (FY23: 10.73% ; FY22: 12.14%), because of the improvement in yield. MML's operating expenses are likely to moderate as it scales up its operations, and this, along with a further improvement in its assets under management per branch (FY24: INR26 million, FY23: INR22.9 million, FY22: INR19.7 million; FY21: INR18.4million; FY20: INR11.2 million), will drive its overall profitability over the medium term.

Stable Asset Quality: The gold loan segment displayed a considerable resilience during COVID-19-related disruptions and reported stable asset quality. In FY24, the gross non-performing asset increased to 0.3% (FY23: 0.27%). Although the borrower class is vulnerable, the ultimate credit loss is capped due to the loan-to-value (LTV) being capped at 75% as per regulatory requirements at the time of disbursement and the liquid nature of the collateral. Being in the gold loan business, MML's credit cost has always been modest and less volatile through the cycle, leading to improved operating profit buffers.

At end-March 2024, MML's major book has an LTV of 60%-75%, which leaves adequate headroom in case the company needs to opt for auctions to recover its dues. The agency believes sustaining adequate LTV buffers, and timely auctions and recoveries will be critical for MML to maintain stable asset quality. MML monitors LTV on the basis of daily gold prices, wherein the threshold LTV, which could trigger the company to seek additional collateral or initiate the auction process, is decided after considering the existing LTV (computed on the basis of the day's gold price) as the base and adding margins to factor in the impact on realisations due to volatility in gold prices until the auction process is completed. Once the exposure is closer to the threshold LTV, MML seeks additional collateral or starts the auction process, depending on the response of the borrower, irrespective of the completion of the loan tenor, thereby mitigating the risk associated with gold price volatility over loan tenor.

Adequate Capitalisation: MML is wholly owned by the chairman and his family, with a tangible net worth of INR1,631 million as on 31 March 2024. The company's tier-1 capital adequacy stood at 21% in 1QFY25 (FY24: 21%, FY23: 25.1%, FY22: 32%, FY21: 33% FY20: 48%) and overall capital adequacy stood at 30% (30%, 37.9%, 49%, 51%, 74%), supported by accruals and the company's ability to raise subordinate debt from retail investors. Ind-Ra believes MML's capitalisation levels are adequate to support the management's near-term growth strategy. The promoters infused INR70 million in FY24, and plan to infuse an additional INR100 million in MML in FY25.

Scaling Up of Business and Profitability Remain Monitorable: MML has been facing heightened competitive pressures in south India from Nidhi companies, moneylenders, microfinance institutions and banks providing agriculture gold loans; this has led to a moderation or slower growth in the AUM per branch along with pricing pressure in this region. Consequently, MML has

been expanding its presence in the northern and western regions of the country, where its ability to scale up and improve its AUM per branch meaningfully and maintain control over costs to improve its operating efficiency would be key rating monitorable.

Funding Profile remains Concentrated: As of March 2024, the funding mix for MML consisted of NCDs (26%), subordinated debentures (38.6%), and loans cash credit limits from public sector banks (35.4%). The company had a leverage of 3.3x at end-March 2024. The investors for the NCDs and subordinate debt are retail investors, largely from Kerala and Tamil Nadu.

MML's funding profile remains concentrated, with the share of bank loans in the overall funding mix reducing and that of NCDs increasing; the bank funding came down to 35.4% in FY24 (FY23: 47.4%; FY22: 33.3%), with a total of four lenders. Nevertheless, Ind-Ra believes the funding remains skewed towards subordinated debt. Therefore, a further diversification in the funding profile would be a key rating driver.

Liquidity

Adequate: There were no negative mismatches in any of the up-to-one-year time buckets in the company's asset-liability statement at end-June 2024, supported by short-term assets of nine months tenor and the average tenor of liabilities of three-to-five years. As per Ind Ra's stress-case scenario, the company's asset-liability profile reflects a positive surplus up to one year. Furthermore, the cash and bank balances, and fixed deposits of INR320 million and unutilised bank lines of INR174 million at end-June 2024 provide an additional cushion to the liquidity profile as against the debt repayment of INR319 million over July-September 2024.

Rating Sensitivities

Positive: Significant and sustainable growth in loan book while maintaining stable asset quality, an improvement in the AUM per branch, driving healthy profitability, along with continueous funding diversification could lead to a positive rating action.

Negative: A significant dilution in the tangible net worth due to significant losses, tier-1 ratio falling below 15% in the medium term, on a sustained basis, deterioration in the asset quality, leading to heightened auctions that could impact the profitability or lead to losses, could lead to a negative rating action.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on MML, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

MML is a part of Kerala-based Muthoot Ninan Group. The company has been extending loans against gold since 1997. The company has been registered as a non-banking financial company since 2002. The company is promoted by Mathew Mathai Ninan (chairman) and his son, Richi Mathew (managing director). As of March 2024, MML operated through a network of 264 branches across nine states.

Key Financials Indicators

Particulars	FY24	FY23
Total tangible assets (INR million)	7,966	6,049
Total tangible equity (INR million)	1,647	1,339
Net profit/loss (INR million)	251	181.9

Tangible equity/assets (%)	21.85	22.15
Gross non-performing assets (%)	0.31	0.27
Debt-to-equity (x)	3.3	3.3
Tier-1 ratio (%)	23.2	25.1
Source: Company, Ind-Ra Ratios as per Ind-Ra's calculations		

Status of Non-Cooperation with previous rating agency

MML is listed under the non-cooperation by issuer category by Brickworks Ratings India Pvt. Ltd. due to inadequate information provided by the company.

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook				
	Rating Type	Rated Limits (million)	Rating	19 April 2024	28 September 2023	14 March 2023	6 February 2023	16 November 2021
Long-term bank loans	Long-term	INR2,400	IND BBB/Stable	BBB/Stable	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable	IND BBB-/Stable
Non-convertible debentures	Long-term	INR4,500	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable	-	-	-

Bank wise Facilities Details

Click here to see the details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loans	Low
Non-convertible debentures	Low

For details on the complexity level of the instrument, please visit https://www.indiaratings.co.in/complexity-indicators.

Annexure

ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating /Outlook
INE05F407AZ7	21 December 2023	0	21 March 2030	INR125.13	IND BBB/Stable
INE05F407BA8	21 December 2023	0	20 December 2024	INR87.58	IND BBB/Stable
INE05F407BC4	21 December 2023	0	21 June 2025	INR34.46	IND BBB/Stable
INE05F407BH3	21 December 2023	0	21 December 2026	INR38.13	IND BBB/Stable
INE05F407BI1	21 December 2023	0	21 December 2025	INR14.81	IND BBB/Stable

INE05F407BJ9	21 December 2023	0	21 December 2028	INR3.7	IND BBB/Stable
INE05F407BO9	21 December 2023	0	21 December 2026	INR26.88	IND BBB/Stable
INE05F407BP6	21 December 2023	0	21 December 2025	INR11.61	IND BBB/Stable
INE05F407BQ4	21 December 2023	0	21 December 2028	INR10.4	IND BBB/Stable
INE05F407BR2	21 December 2023	0	20 December 2024	INR51.52	IND BBB/Stable
INE05F407BT8	21 December 2023	0	21 June 2025	INR26.18	IND BBB/Stable
INE05F407BD2	21 December 2023	9.5	20 December 2024	INR56.4	IND BBB/Stable
INE05F407BK7	21 December 2023	10	20 December 2024	INR36.2	IND BBB/Stable
INE05F407BE0	21 December 2023	9.65	21 June 2025	INR35.2	IND BBB/Stable
INE05F407BS0	21 December 2023	10.15	21 June 2025	INR23.5	IND BBB/Stable
INE05F407BF7	21 December 2023	9.75	21December 2025	INR20.4	IND BBB/Stable
INE05F407BN1	21 December 2023	10.25	21December 2025	INR25.4	IND BBB/Stable
INE05F407BG5	21 December 2023	10.25	21 Decemeber 2026	INR104.6	IND BBB/Stable
INE05F407BM3	21 December 2023	10.75	21 Decemeber 2026	INR88.1	IND BBB/Stable
INE05F407BB6	21 December 2023	10.5	21 December 2028	INR118.87	IND BBB/Stable
INE05F407BL5	21 December 2023	11	21 December 2028	INR103.7	IND BBB/Stable
INE05F407BZ5	27 May 2024	10.5	29 May 2025	INR84.25	IND BBB/Stable
INE05F407CA6	27 May 2024	0	29 May 2025	INR65.33	IND BBB/Stable
INE05F407CB4	27 May 2024	10.75	27 May 2027	INR115.18	IND BBB/Stable
INE05F407CC2	27 May 2024	0	27 May 2029	INR11.27	IND BBB/Stable
INE05F407CD0	27 May 2024	0	27 May 2027	INR34.95	IND BBB/Stable
INE05F407CE8	27 May 2024	0	27 July 2030	INR78.48	IND BBB/Stable
INE05F407CF5	27 May 2024	0	26 November 2025	INR22.22	IND BBB/Stable
INE05F407CG3	27 May 2024	0	27 May 2026	INR14.28	IND BBB/Stable
INE05F407CH1	27 May 2024	10.8	27 May 2029	INR73.2	IND BBB/Stable
INE05F407CI9	27 May 2024	10.6	27 May 2026	INR25.09	IND BBB/Stable
INE05F407CJ7	27 May 2024	10.5	26 November 2025	INR14.53	IND BBB/Stable
Utilised				**INR1,581.55**	
unutilised				INR2,918.45	
Total rated				**INR4,500**	

Source: NSDL, Company

APPLICABLE CRITERIA

Non-Bank Finance Companies Criteria

Evaluating Corporate Governance

The Rating Process

Financial Institutions Rating Criteria

Contact

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Senior Analyst
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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

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ANNEXURE III – CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

MITCON CREDENTIA
PARTNER WITH TRUSTED CREDENTIALS

December 12, 2024

To,
The Board of Directors,
Muthoot Mercantile Limited,
1st Floor, North Block, Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram 695 014,
Kerala, India.

Dear Sir/ Madam

Sub: Consent in relation to the proposed public offering of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("NCDs"), at par, aggregating up to ₹ 7,500 lakhs, with an option to retain over-subscription up to ₹ 7,500 lakhs aggregating up to ₹ 15,000 lakhs ("Issue") by Muthoot Mercantile Limited ("Company" or "Issuer")

We, the undersigned, hereby consent to act as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Kerala at Kochi ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	MITCON Credentia Trusteeship Services Limited
Address:	1402/1403, B wing, Dalamal Tower, 14th Floor, Free Press Journal Marg, 211 Nariman Point, Mumbai 400 021, Maharashtra, India
Tel:	(91) (22) 22828200
Fax:	(91) (22) 22024553
Email:	contact@mitconcredentia.in
Investor Grievance Mail:	investorgrievances@mitconcredentia.in
Website:	www.mitconcredentia.in
Contact Person:	Ms. Vaishali Urkude
SEBI Registration No:	IND000000596
Logo:	MITCON CREDENTIA PARTNER WITH TRUSTED CREDENTIALS
CIN:	U93000PN2018PLC180330

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we have not been prohibited to act as a debenture trustee by the SEBI.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

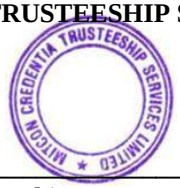
We confirm that we will immediately inform the Company and the Lead Manager of any change to the above information until the date when the proposed public issue of NCDs commence trading on the Stock Exchange. In the

absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal counsel to the Issue in respect of the Issue.

Sincerely,
For MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED





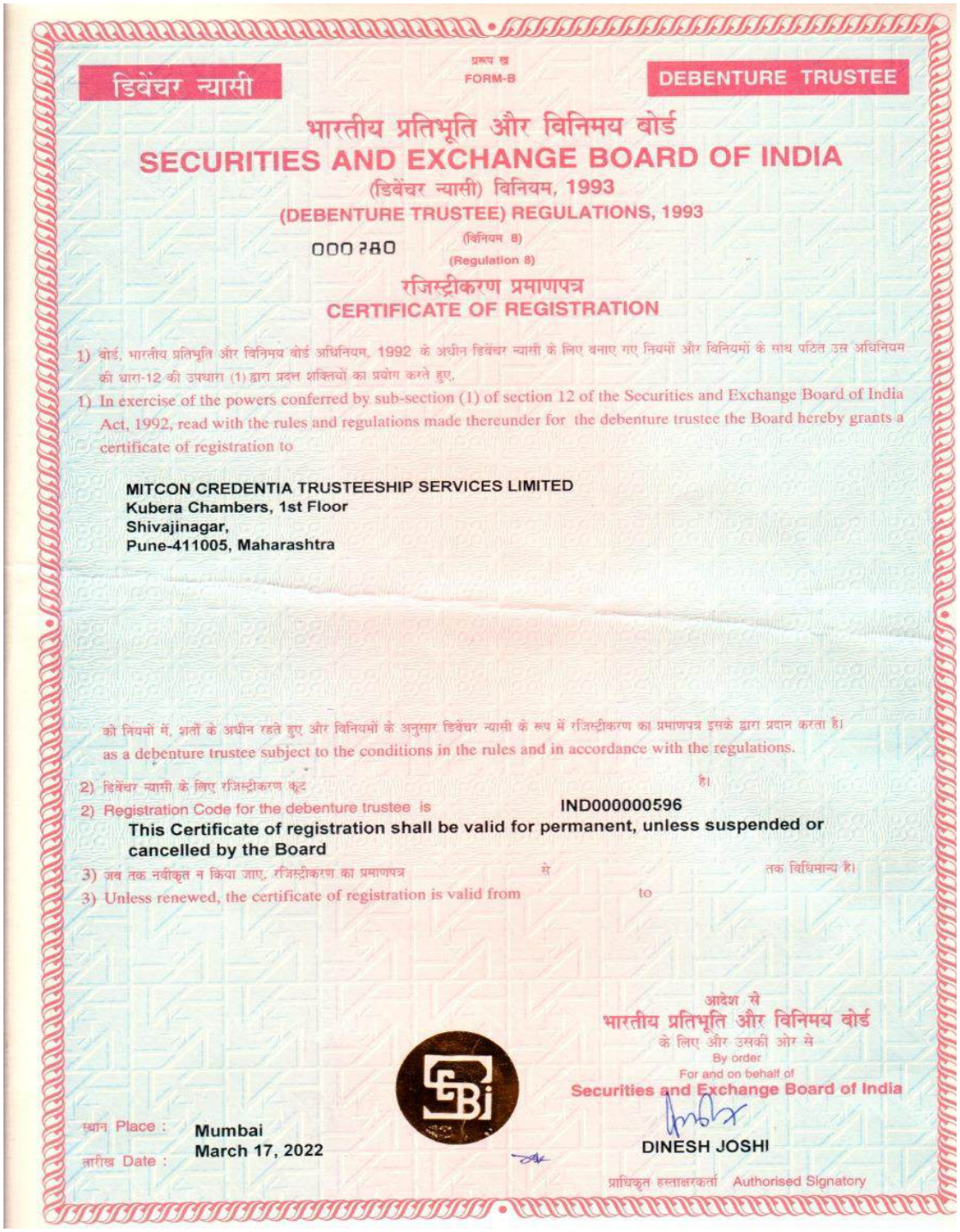
Name : Yogesh Limbachiya
Designation : AVP & Compliance Officer

CC:

VIVRO FINANCIAL SERVICES PRIVATE LIMITED
Vivro House 11, Shashi Colony,
Opposite Suvidha Shopping
Center, Paldi, Ahmedabad –380007,
Gujarat, India

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India

ANNEXURE A



प्ररूप ख
FORM-B

डिबेंचर न्यासी

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000280

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED
Kubera Chambers, 1st Floor
Shivajinagar,
Pune-411005, Maharashtra

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
2) Registration Code for the debenture trustee is **IND000000596**

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।
3) Unless renewed, the certificate of registration is valid from to

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **Mumbai**
तारीख Date : **March 17, 2022**

DINESH JOSHI
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

Annexure B

December 12, 2024

To,
The Board of Directors,
Muthoot Mercantile Limited,
1st Floor, North Block, Muthoot Floors,
Opposite W&C Hospital, Thycaud,
Thiruvananthapuram 695 014,
Kerala, India.

Dear Sir/ Madam

Sub: Consent in relation to the proposed public offering of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("NCDs"), at par, aggregating up to ₹ 7,500 lakhs, with an option to retain over-subscription up to ₹ 7,500 lakhs aggregating up to ₹ 15,000 lakhs ("Issue") by Muthoot Mercantile Limited ("Company" or "Issuer")

We hereby confirm that as on date the following details in relation to our registration with SEBI as a Debenture Trustee is true and correct.

<table>
<tr><td>1.</td><td>Registration number</td><td>IND000000596</td></tr>
<tr><td>2.</td><td>Date of registration/ Renewal of registration</td><td>March 17, 2022</td></tr>
<tr><td>3.</td><td>Date of expiry of registration</td><td>Permanent registration</td></tr>
<tr><td>4.</td><td>If applied for renewal, date of application</td><td>Not Applicable</td></tr>
<tr><td>5.</td><td>Any communication from SEBI prohibiting the entity from acting as an intermediary</td><td>None</td></tr>
<tr><td>6.</td><td>Any enquiry/ investigation being conducted by SEBI</td><td>Nil at present</td></tr>
<tr><td>7.</td><td>Details of any penalty imposed by SEBI</td><td>
<table>
<tr><th>Sr. No.</th><th>Adjudication Order date</th><th>Penalty Provisions</th><th>Penalty (Rs.)</th><th>Remarks</th></tr>
<tr><td>1</td><td>March 18, 2024</td><td>15HB of SEBI Act, 1992</td><td>Rs. 2,00,000/- (Rs. Two Lakh Only)</td><td>In the matter of Pride Properties Private Limited</td></tr>
</table>
</td></tr>
</table>

We hereby enclose a copy of our SEBI registration certificate.

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the relevant stock exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

For MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

Name : Yogesh Limbachiya
Designation : AVP & Compliance Officer