



KOSAMATTAM FINANCE LIMITED

Our Company was incorporated as 'Standard Shares and Loans Private Limited', a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation issued by Registrar of Companies, Kerala and Lakshadweep ("RoC") dated March 25, 1987. Subsequently, the name of our Company was changed to 'Kosamattam Finance Private Limited' pursuant to a fresh certificate of incorporation dated June 8, 2004 issued by the RoC. Pursuant to a special resolution passed in the general meeting of our shareholders held on November 11, 2013 and a fresh certificate of incorporation issued by the RoC on November 22, 2013 our Company was converted into a public limited company and consequently our name was changed to 'Kosamattam Finance Limited'. Our Company is registered as a non-banking financial company with the Reserve Bank of India ("RBI") under Section 45-IA of the Reserve Bank of India Act, 1934.

Registered & Corporate Office: Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam - 686 001, Kerala, India;

CIN: U65929KL1987PLC004729; **Tel:** +91 481 258 6400; **Fax:** +91 481 258 6500; **Website:** www.kosamattam.com

For details of changes in our name and registered office, see "History and Certain Other Corporate Matters" on page 84.

Compliance Officer and Contact Person: Sreenath P. **Tel.:** +91 481 258 6506; **Fax:** +91 481 258 6500; **E-mail:** cs@kosamattam.com.

PUBLIC ISSUE BY KOSAMATTAM FINANCE LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SECURED NCDs") AND UNSECURED REDEEMABLE NON CONVERTIBLE DEBENTURES ("UNSECURED NCDs") OF FACE VALUE OF ₹1,000 EACH ("NCDs"), AT PAR, AGGREGATING UP TO ₹15,000 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹15,000 LAKHS AGGREGATING UP TO ₹30,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (THE "ISSUE"). THE UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES WILL BE IN THE NATURE OF SUBORDINATED DEBT AND WILL BE ELIGIBLE FOR TIER II CAPITAL. THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED ("SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTERS

Mathew K. Cherian, Laila Mathew and Jilu Saju Varghese. For further details, refer to the chapter "Our Promoters" on page 96.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to "Risk Factors" on page 12. 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 registrar of companies or any stock exchange in India.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, see "Terms of the Issue" on page 121. For details relating to eligible investors, see "Issue Structure" on page 114.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated 'IND BBB': Outlook Stable, by India Ratings & Research Private Limited ("India Ratings") for an amount up to ₹30,000 lakhs, including the unsecured portion of up to ₹4,000 lakhs vide its letter dated November 27, 2018. 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. Such instruments carry moderate credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 249 for the rationale for the above rating.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited ("BSE"). Our Company has obtained 'in-principle' approval for the Issue from BSE vide their letter dated December 12, 2018. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus dated December 4, 2018 was filed with BSE and with SEBI, pursuant to Regulation 6(2) of the SEBI Debt Regulations to be kept open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on December 12, 2018.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon Opp. Peninsula Corporate Park Off. Ganpatrao Kadam Marg Veer Santaji Lane, Lower Parel, Mumbai - 400 013 Tel.: +91 22 6666 8040/42 Fax: +91 22 6666 8047 Email: kfl@vivro.net Investor Grievance Email: investors@vivro.net Website: www.vivro.net Contact Person: Harish Patel Compliance Officer: Jayesh Vithlani SEBI Registration Number: INM000010122 CIN: U67120GJ1996PTC029182	VISTRA ITCL (INDIA) LIMITED The IL&FS Financial Center, Plot No. C - 22, G Block, Bandra Kurla Complex Bandra (East), Mumbai - 400 051 Tel: +91 22 2659 3333 Fax: +91 22 2653 3297 Email: itclcomplianceofficer@vistra.com Website: www.vistraitcl.com Investor Grievance Email: investorgrievancesitcl@vistra.com Contact Person: Jatin Chonani SEBI Registration Number: IND000000578 CIN: U66020MH1995PLC095507	KARVY FINTECH PRIVATE LIMITED Karvy Selenium Tower B Plot 31-32, Financial District, Nanakramguda Serilingampally, Rangareddy Hyderabad - 500 032, Telangana Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: kosamattam.ncdipo15@karvy.com Investor Grievance Email: einward.rti@karvy.com Website: www.karisma.karvy.com Contact Person: M Murali Krishna SEBI Registration Number: INR000000221 CIN: U67200TG2017PTC117649

ISSUE SCHEDULE

ISSUE OPENS ON DECEMBER 27, 2018

ISSUE CLOSES ON JANUARY 25, 2019**

*Vistra ITCL (India) Limited, by its letter dated November 12, 2018, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue. For further details, see "General Information - Debenture Trustee" on page 34.

**The subscription list for the Issue shall remain open for subscription up to 5 p.m., with an option for early closure, up to a period of 30 days from the date of opening of the Issue, as may be decided at the discretion of the Board authorised committee of our Company subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given as the case may be on or before such early date of closure or the initial Closing Date through advertisement/s in a leading national daily newspaper. For further details, see "General Information - Issue Programme" on page 38.

A copy of this Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Credit Rating Agencies, the legal advisor, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities shall be filed with the Registrar of Companies, Kerala and Lakshadweep, in terms 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 244.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires the following terms shall have the following meanings ascribed thereto in this Prospectus. Reference to any statutes, regulations and policies shall include amendments thereto, from time to time.

All references to “Issuer”, “we”, and “us”, “our” and “our Company” are to Kosamattam Finance Limited.

Company Related Terms

Term	Description
“Issuer”, “the Company” and “our Company”	Kosamattam Finance Limited having its registered office at Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam- 686 001, Kerala, India
AoA/Articles/Articles of Association	Articles of Association of our Company, as amended
Board/Board of Directors/BoD	The Board of Directors of our Company and includes any Committee thereof
Compulsorily Convertible Preference Shares	Preference Shares of face value of ₹1,000 each of our Company, in the nature of compulsorily convertible cumulative preference shares
Corporate Office & Registered Office	Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam – 686 001, Kerala, India
Debenture Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated February 15, 2014
Equity Shares	Equity shares of face value of ₹1,000 each of our Company
Kosamattam Group	Entities that are ultimately promoted and controlled by Mathew K Cherian, Laila Mathew or Jilu Saju Varghese including: Kosamattam Ventures (P) Limited, M/s Kosamattam Security Systems, Kosamattam Enterprises LLP, M/s Kosamattam Builders Private Limited, Kosamattam Builders (Partnership firm), Kosamattam Housing Finance Private Limited and Kosamattam Nidhi Limited.
Limited Review Financial Statements	The statement of unaudited financial results of our Company for the six-month period ended September 30, 2018 prepared by the statutory auditors of our Company, M/s. Vishnu Rajendran & Co., Chartered Accountants for which they have issued a Limited Review Report.
Limited Review Report	Report on the unaudited financials of our Company for the six-month period ending on September 30, 2018, dated November 12, 2018, prepared by the statutory auditors of our Company, M/s. Vishnu Rajendran & Co., Chartered Accountants.
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
Promoters	Mathew K. Cherian, Laila Mathew and Jilu Saju Varghese
Reformatted Financial Statements	The statement of reformatted audited assets and liabilities of our Company, and the related statement of reformatted statement of profit and loss of our Company and the related statement of reformatted cash flow of our Company for the Financial Years ending March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 have been prepared by M/s. Vishnu Rajendran & Co., Chartered Accountants, our Statutory Auditors, which are extracted from the audited financial statements for the Financial Year ending March 31, 2018 and the notes thereto, as examined by M/s. Vishnu Rajendran & Co., Chartered Accountants, our Statutory Auditors and from the audited financial statements for the Financial Years ending March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and the notes thereto, as examined by our Company’s erstwhile statutory auditors, M/s. Cheeran Varghese & Co., Chartered Accountants.
RoC/Registrar of Companies	The Registrar of Companies, Kerala and Lakshadweep
Statutory Auditor(s)/Auditor(s)	M/s. Vishnu Rajendran & Co., Chartered Accountants

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of this Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue
Allottee	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue
Applicant/Investor	Any prospective applicant who makes an Application pursuant to this Prospectus and the Application Form.
Application/ ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of this Prospectus
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue
Application Form/ ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs and in terms of this 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	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant
Base Issue	₹15,000 lakhs.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment for NCDs</i> ” on page 151.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the 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 Debt Application Circular
Collecting Registrar and Share Transfer Agents/CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular
Credit Rating Agency	For the present Issue, the credit rating agency being, India Ratings.
CRISIL	CRISIL Limited
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. For further details, see “ <i>Issue Structure</i> ” on page 114.
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated November 12, 2018 entered into between our Company and the Debenture Trustee.
Debentures/NCDs	Secured NCDs and Unsecured NCDs issued pursuant to the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or a duly constituted committee thereof, and notified to the Exchange. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI

Term	Description
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996
Depository(ies)	National Securities Depository Limited (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 instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of this Prospectus and the Public Issue Account Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Designated Stock Exchange/ DSE	BSE Limited.
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act.
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange
Draft Prospectus/Draft Offer Document	The draft prospectus dated December 4, 2018 was filed with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013, as applicable and the SEBI Debt Regulations.
Existing Secured Creditors	Bank of Baroda, Canara Bank, Dhanlaxmi Bank Limited, Karur Vysya Bank, Oriental Bank of Commerce, State Bank of India, The Catholic Syrian Bank Limited, The South Indian Bank Limited, Union Bank of India, Vijaya Bank, debenture holders of the privately placed secured non-convertible debentures and debenture holders of the secured non-convertible debentures issued by way of public issues.
Fugitive Economic Offender	Fugitive Economic Offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
India Ratings	India Ratings and Research Private Limited, a Fitch Group Company
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment as specified in this Prospectus. Please see the section titled “ <i>Issue Structure – Interest and Payment of Interest</i> ” on page 119.
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 Industrial Development Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹2,500 lakhs, Pension Funds of minimum corpus of ₹2,500 lakhs, Systemically Important Non-Banking Financial Companies, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs, Venture Capital funds and/or Alternative Investment Funds registered with SEBI, Insurance Companies registered with the 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.
Issue	Public issue by our Company of Secured NCDs and Unsecured NCDs aggregating up to ₹15,000 lakhs with an option to retain over-subscription up to ₹15,000 lakhs aggregating up to ₹30,000 lakhs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lakhs. The Secured NCDs shall be allotted for a value up to ₹26,000 lakhs and Unsecured NCDs shall be allotted for a value up to ₹4,000 lakhs.
Issue Opening Date	December 27, 2018

Term	Description
Issue Closing Date	January 25, 2019
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
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, Association of Persons, Scientific and/or industrial research organisations, which are authorised to invest in the NCDs, Partnership firms in the name of the partners, Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs.
Prospectus/Offer Document	This prospectus dated December 19, 2018 to be filed with the RoC in accordance with the SEBI Debt Regulations, containing inter alia the coupon rate for the NCDs and certain other information.
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs on the Designated Date.
Public Issue Account Bank	Axis Bank Limited
Public Issue Account Agreement	Agreement dated December 10, 2018 entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Manager for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 10 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when stock exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Prospectus
Refund Bank	Axis Bank Limited
Registrar to the Issue/Registrar	Karvy Fintech Private Limited (previously known as Karvy Computershare Private Limited)
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act.
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on https://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other web-link as may be prescribed by SEBI from time to time
SEBI Debt Regulations/ Debt Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time.
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009, as amended from time to time
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
Security	The principal amount of the Secured NCDs to be issued in terms of this Prospectus together

Term	Description
	with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge with the Existing Secured Creditors on all movable assets (excluding charge on the written down value of furniture and fixtures to the extent of ₹10,80,91,696), including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the Secured NCDs outstanding plus interest accrued thereon and first ranking <i>pari passu</i> charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. No.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. meters.
Secured NCDs	NCDs offered under this Issue which are redeemable and are secured by a charge on the assets of our Company, namely the NCDs issued under Option I, Option II, Option III, Option IV, Option V and Option VI as detailed in this Prospectus. Company shall ensure that Secured NCDs shall be allotted for a maximum value of up to ₹26,000 lakhs.
Secured Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the Secured NCDs issued under the Issue.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form.
Stock Exchange	BSE Limited
Subordinated 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 shall be subjected to discounting as provided hereunder: Remaining maturity of the instruments - rate of discount (a) up to one year - 100% (b) more than one year but up to two years - 80% (c) more than two years but up to three years - 60% (d) more than three years but up to four years - 40% (e) more than four years but up to five years - 20% to the extent such discounted value does not exceed fifty percent of Tier I capital.
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 as specified in this Prospectus
Trading Member(s)	Individuals or companies registered with SEBI as “trading member(s)” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Transaction Registration Slip/TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Tripartite Agreement(s)	Agreements as entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company
Trustees/Debenture Trustee	Trustees for the holders of the NCDs, in this case being Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Unsecured Debenture Trust Deed	The trust deed executed by the Company and the Debenture Trustee specifying, inter alia, the powers, authorities, and obligations of the Debenture Trustee and the Company in relation to the Unsecured NCDs.
Unsecured NCDs	NCDs offered under this Issue which are redeemable and are not secured by any charge on the assets of our Company, namely the NCDs issued under Option VII and VIII, which will be in the nature of Subordinated Debt and will be eligible for Tier II capital, as detailed in this Prospectus.

Term	Description
	Company shall ensure that Unsecured NCDs shall be allotted for a maximum value of up to ₹4,000 lakhs.
Wilful Defaulter	An issuer who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such.
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kottayam, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the securities, Working Days shall mean all trading days of stock exchanges excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Business/Industry Related Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AMFI	Association of Mutual Funds in India
ATS	Average Ticket Size
AUM	Assets Under Management
Average Cost of Borrowing	Amount that is calculated by dividing the interest paid during the period by average of the monthly outstanding
CCPS	Compulsorily Convertible Preference Shares
CRAR	Capital to Risk Weighted Assets Ratio
DPN	Demand Promissory Note
DSA	Direct Sales Agent
FIR	First Information Report
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
IND AS	Indian Accounting Standards
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LC	Loan Company
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
Master Directions	RBI's Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and having total assets of ₹50,000 lakhs and above as per the last audited balance sheet
NOF	Net Owned Fund
NPA	Non-Performing Asset
Secured Loan Book	Secured loan given against hypothecation of asset
SME	Small and Medium Enterprises
Tier I Capital	Tier I Capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiary and companies in the same group exceeding, in aggregate, ten percent of the owned fund and perpetual debt instruments issued by a Systemically important non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty-five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and

Term	Description
	one fourth percent of risk weighted assets;
	(d) hybrid debt capital instruments;
	(e) subordinated debt; and
	(f) perpetual debt instruments issued by a systemically important non- deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital.
	To the extent, the aggregate does not exceed Tier I capital.

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, 1956	The Companies Act, 1956 to the extent in force
Companies Act/Companies Act 2013	The Companies Act, 2013 (to the extent notified) read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
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 Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FFMC	Full Fledged Money Changer
Financial Year/FY	Financial Year ending March 31
FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
GST	Goods and services tax.
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017.
IND AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Generally Accepted Accounting Principles in India
IRDA	Insurance Regulatory and Development Authority
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
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PDI	Perpetual Debt Instrument

Term	Description
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
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 the foregoing:

1. In the chapter titled “*Summary of Main Provisions of the Articles of Association*” beginning on page 205, defined terms have the meaning given to such terms in that section.
2. In the chapter titled “*Financial Statements*” beginning on page 99, defined terms have the meaning given to such terms in that chapter.
3. In the paragraphs titled “*Disclaimer Clause of BSE*” on page 178 in the chapter “*Other Regulatory and Statutory Disclosures*” beginning on page 177, the defined terms shall have the meaning given to such terms in those paragraphs.
4. In the chapter titled “*Statement of Possible Tax Benefits available to the Debenture Holders*” beginning on page 47, defined terms have the meaning given to such terms in that chapter.
5. In the chapter titled “*Key Regulations and Policies*” beginning on page 187, defined terms have the meaning given to such terms in that chapter.
6. In the chapter titled “*Our Business*” beginning on page 67, defined terms have the meaning given to such terms in that chapter.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

In this Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to “Kosamattam”, “Issuer”, “we”, “us”, “our” and “our Company” are to Kosamattam Finance Limited.

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.

Financial Data

Our Company publishes its financial statements in Rupees. Our Company’s financial statements are prepared in accordance with Indian GAAP, the applicable provisions of Companies Act, 1956 and the Companies Act 2013.

The Reformatted Financial Statements and the Limited Review Financial Statements are included in this Prospectus, as issued by our Company’s Statutory Auditors, Vishnu Rajendran & Co., Chartered Accountants in the chapter titled “*Financial Statements*” beginning at page 99. Unless stated otherwise, the financial data in this Prospectus is derived from (i) our audited financial statements, prepared in accordance with Indian GAAP and the Companies Act, 2013 for the financial years ended on March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014; (ii) the limited review of the unaudited financial results of our Company for the six-month period ended September 30, 2018.

In this 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.

There are significant differences between Indian GAAP, US GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Currency and units of Presentation

In this 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 Prospectus, all figures have been expressed in ‘lakhs’. All references to ‘lakh/lakhs’ means ‘one hundred thousand’ and ‘crore’ means ‘ten million’ and ‘billion/bn/billions’ means ‘one hundred crores’.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this 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 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 Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

This 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 Prospectus that are not historical facts.

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

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

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

1. Any increase in the levels of non-performing assets (“NPA”) on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations;
2. Any volatility in interest rates which could cause our Gross Spreads to decline and consequently affect our profitability;
3. Changes in the value of Rupee and other currency changes;
4. Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
5. Changes in political conditions in India;
6. The rate of growth of our Loan Assets;
7. The outcome of any legal or regulatory proceedings we are or may become a party to;
8. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
9. Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;
10. Emergence of new competitors;
11. Performance of the Indian debt and equity markets;
12. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
13. The performance of the financial markets in India and globally;

14. Volatility in global bullion prices; and
15. Other factors discussed in this Prospectus, including under the chapter titled “*Risk Factors*” beginning on page 12.

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 12, 57 and 67, 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 Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Neither our Company or the Lead Manager, nor any of its affiliates have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II - RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled “Our Business” on page 67 and “Financial Statements” on page 99, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. 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.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This 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 Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Limited Review Financial Statements and the Reformatted Financial Statements.

Internal Risk Factors

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

Our Company was subjected to RBI’s inspection under Section 45N of the RBI Act, from August 7, 2017 to August 19, 2017, for the financial position as on March 31, 2017. Subsequently RBI vide its letter dated December 8, 2017, bearing reference number DNBS (T) No. 455/02.19.002/2017-18 observed certain major supervisory concerns which *inter alia* include (i) irregularities in gold loans; (ii) violation of FPC guidelines and LTV norms; (iii) deviation from the loan policy by sanctioning high value loans without taking approval from management committee along with rescheduling of loans without request from borrower without valuation of collateral; (iv) failure to conduct IS audit, annual review of fraud and failure to conduct audit of the head office where all the loans are scrutinised and sanctioned; (v) deficiencies in issue of NCDs by payment of interest on perpetual debt instruments on a cumulative basis in violation of RBI guidelines and failure to regularise the payment along with undertaking public issues without creating required DRR; and (vi) pending compliance with previous RBI inspection report in relation to premature closure of debentures, IT systems, adherence to KYC/AML guidelines, non-transparent gold auction process, etc. Further RBI also listed out its salient observations in relation to its inspection. Our Company addressed the concern raised by the RBI’s in its inspection letter and replied vide a letter dated January 12, 2018, *inter alia* detailing and categorically responding to all the observations made by the RBI, accounting for the various measures undertaken for addressing and redressing the alleged non-compliances. Subsequently, the RBI vide a letter dated May 8, 2018, directed our Company to submit further compliance along with documentary evidence in respect of its observations. Further, vide the letter dated May 8, 2018, RBI also intimated our Company that it has referred the matter, in relation to the DRR maintained by our Company, to SEBI for necessary action. Our Company has responded to the RBI furnishing details of further compliances in relation to RBI’s observation vide a letter dated June 6, 2018. Subsequently, RBI vide a letter dated July 24, 2018 directed our Company to submit further compliances in relation to its observations pursuant to the inspection. Our Company vide its letter dated November 21, 2018, responded to RBI’s letter submitting its response to RBI’s observations and provided further compliances. While our Company strives to address all the concerns raised by RBI in relation to its inspection and observations made thereunder, any adverse action taken by RBI with regard to such inspections could adversely affect our business and operations.

2. *We have received a letter dated February 10, 2014 from the RBI (“RBI Letter”) inter-alia alleging non-compliance with RBI circular DNBS (T) No. 983/02.03.057/2013-14 dated October 29, 2008 (“RBI Circular”). Further, we have also received a letter dated July 29, 2016 from the RBI, pursuant to an inspection under Section 12(1) of the FEMA, relating to our money changing business (“RBI Inspection Letter”). Any adverse order by RBI could adversely affect our ability to conduct business, which would in turn result in material adverse effect on our business and results of operations.*

Our Company has received the RBI Letter inter-alia alleging that the PDI issued by our Company are not in full compliance with the RBI Circular as our Company was allowing a fixed maturity period of 10 years and the reporting requirements were also not adhered to. Our Company has replied vide letter dated March 21, 2014 to the RBI Letter amongst others submitting the requisite documents to RBI.

Further, the interest payable on the PDI outstanding was also classified by us as cumulative, which is not in accordance with the RBI Circular. Subsequently, the Company has dispensed with its liability pertaining to the accrued interests on the PDIs and have remitted the amount vide cheques to the respective investors. Also, the RBI was intimated of the said payment, vide a letter dated March 18, 2016. In case RBI passes an adverse order, it may adversely affect our ability to conduct business, which would in turn result in material adverse effect on our business and results of operations. The RBI vide a letter dated March 28, 2016, advised our Company on payment to PDI holders on a non-cumulative basis and sought confirmations from our statutory auditor with regard to clearing of the cheques.

Additionally, our Company has also received the RBI Inspection Letter wherein the RBI has observed certain irregularities and deficiencies in relation to our money changing business, such as unavailability of the declaration by the Directors on 'fit and proper criteria' as on March 31, 2016; failure to submit the annual statement showing foreign currency as written-off as on March 31, 2016; non-conformity of application cum declaration format used for sale for foreign exchange with instructions issued by the RBI; unavailability of statutory auditor's certificate on compliance with KYC/AML/CFT guidelines; and non-submission of audited balance sheet and NOF certificate as on March 31, 2016. Consequently, our Company has been directed by the RBI to take necessary action and rectification and to submit a compliance within a period of 30 days from the date of receipt of the RBI Inspection Letter.

Our Company has responded to the RBI vide a letter dated August 12, 2016, wherein our Company has categorically addressed the concerns raised by the RBI, such as with a declaration of fit and proper person criteria, submission of annual statement with details of foreign currency being written off, changes carried out in the application cum declaration form, compliance with KYC/AML/CFT guidelines in relation to money changing activities and submission of audited balance sheet and net owned funds certificate as on March 31, 2016. Subsequently, RBI vide letters dated September 20, 2016 and November 30, 2016 directed our Company to rectify deficiencies detected during the RBI inspection. Our Company vide its letter dated December 15, 2016 confirmed compliance with the instructions regarding the application cum declaration form and submitted date wise data of forex purchased and sold by its authorised branches for period from November 8, 2016 to November 30, 2016. Any adverse action taken by RBI with regard to such inspections could adversely affect our business and operations.

3. Restrictive or penal order may be passed against us by the RBI in on-going and / or future proceedings that could hamper our operations or services, or a part thereof, or levy penalties in connection therewith, which may in turn adversely affect our operations and profitability.

RBI issued a show cause notice dated April 28, 2017 ("SCN") under Section 58 G (2) of the RBI Act, against our Company, in relation to an inspection under Section 45N of the RBI Act, which was conducted from August 8, 2016 to August 19, 2016. In the SCN, the RBI has alleged that our Company did not maintain application forms and other KYC documents in respect of privately placed non-convertible debentures and subordinated debt instruments in violation of para II.3.(ii) of the instructions contained in the RBI circular bearing reference DNBR.PD(CC)No. 51/03.10.119/2015-16 dated July 1, 2015. In this regard, RBI had issued a supervisory letter dated September 8, 2016 which was responded to by our Company vide its letter dated October 5, 2016. Upon due examination, our Company's responses were found unsatisfactory by the RBI. In the SCN, the RBI asked our Company to show cause as to why a penalty of ₹5,00,000 for contravention of KYC norms and further penalty of ₹25,000 per day during which such contravention subsisted, should not be levied on our Company, under Section 58 G(1)(b) read with Section 58-B(5)(aa) of the RBI Act.

Our Company vide its letter dated May 13, 2017 ("Reply"), responded to the allegations levied by the RBI in the SCN and submitted that two of the three branches of our Company, where the inspection had taken place were unable to produce the relevant applications and KYC documents, on time although the same were available with our Company, on account of shifting of the said documents to our regional office in Kottayam and from there to other premises. Our Company further informed the RBI that the relevant documents were maintained at our Company's head office and that our Company had also developed a software to track the

application and KYC forms of its privately placed debenture holders and that the process of digitisation was ongoing. Subsequently, RBI vide its letter dated June 19, 2017, directed our Company to submit all necessary documents, including offer documents, information memorandums, application forms, KYC details and other information to the RBI. Our Company vide its letter dated July 12, 2017 informed the RBI that our statutory auditors were replaced and therefore our Company sought an extension of time to comply with RBI's directions.

Vide a subsequent letter dated July 14, 2017, RBI allowed our Company an extension of time up to July 19, 2017, on account of appointment of our Statutory Auditors and also asked for certain certifications from both our Statutory Auditors and our previous auditors along with submitting the relevant documents pertaining to application forms and KYC for the privately placed debentures. Our Company vide a letter dated July 19, 2017 submitted the requisite details to the RBI. After a personal hearing on May 3, 2018, RBI's committee of executive directors passed an order on June 11, 2018, which was communicated to our Company vide a letter dated June 13, 2018, imposing a penalty of ₹5.00 lakhs on our Company, under Section 58G(1)(b) read with Section 58B(5)(aa) of the RBI Act, for not obtaining the relevant KYC documents at the time of opening the accounts and for having made subsequent efforts to collect the documents after the issue of the SCN. Our Company has since remitted the amount of penalty to RBI on June 14, 2018.

There can be no assurance that in the future the RBI will not pass similar orders levying penalty, on our Company, basis its periodical inspection of our Company, which may in turn adversely affect our reputation, business, operations and profitability.

4. *We are subject to inspections by CDSL in our capacity as a depository participant and any adverse action taken by CDSL could affect our business and operations.*

Our Company in its capacity as a depository participant received a letter dated July 28, 2016 from the CDSL, pursuant to an inspection of our Company, undertaken by CDSL for the period between August 1, 2015 to June 30, 2016. CDSL vide its letter instructed our Company to submit certain confirmations regarding implementations of certain procedures and rectifications of certain deviations. Our Company vide a letter dated August 24, 2016 responded to CDSL with a compliance report certified by our internal auditors, wherein our Company categorically clarified every concern raised by CDSL. Subsequently, CDSL conducted an inspection for the period between July 1, 2016 to June 30, 2017 and vide letters dated July 15, 2017 and August 18, 2017 instructed our Company to submit further confirmations regarding implementation of certain procedures and rectifications, in response to which our Company vide its letters dated August 12, 2017 and August 25, 2017 respectively, furnished its response to CDSL.

Further, CDSL conducted an inspection for the period between July 1, 2017 to June 30, 2018 and vide a letter dated July 11, 2018 observing certain discrepancies during the inspection and accordingly submitted an inspection report. The report was discussed with certain officials of our Company/compliance officer for the non-compliances observed during the inspection and the responses of the management were taken into account. Further, our Company received a letter from CDSL dated July 21, 2018, wherein CDSL instructed our Company to submit conformation regarding implementation of procedures and rectifications of deviations mentioned in the letter within a period of 30 days. While our Company strives to address all the concerns raised by CDSL vide its letters, there can be no guarantee that CDSL shall be satisfied with our Company's responses and that the CDSL shall not take an adverse action with regard to such inspections. Any such adverse actions by CDSL could adversely affect our business and operations.

5. *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 short-term and long-term credit ratings. India Ratings vide their letter dated July 9, 2018 have rated our proposed bank loans of ₹10,000 lakhs as 'IND BBB' Outlook Stable and our bank loans of ₹80,000 lakhs has been upgraded to 'IND BBB' Outlook Stable. Further, our Company has received rating of 'IND BBB': Outlook Stable by India Ratings vide their letter dated November 27, 2018 for our NCD issuances for an amount of ₹1,65,000 lakhs including the NCDs proposed to be issued under this Issue for an amount of up to ₹30,000 lakhs, including the unsecured portion for an amount up to ₹4,000 lakhs. 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 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. For details regarding ratings received by our Company, please refer to “Our Business - Our Borrowings and Credit Ratings” on page 81.

6. *Our Company, two of our Promoter Directors and one of our Group Companies 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.*

We, two of our Promoter Directors and one of our Group Companies 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 we or our Promoter Directors or our Group Company shall be successful in any or all of these actions. In the event, we or our Promoter Directors suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit and financial condition. For further details of the legal proceedings that we are subject to, please refer to the chapter titled “Outstanding Litigations” beginning on page 157.

7. *Some of our Group Companies are enabled by their respective memorandum of associations to undertake activities similar to the activities conducted by our Company which may be potential source of conflict of interest for us and which may have an adverse effect on our operations.*

Our Promoter Directors are the sole shareholders and directors on the board of our Group Company, Kosamattam Nidhi Limited (“KNL”), which was incorporated on May 21, 2018 pursuant to a certificate of incorporation issued by the RoC, and can be expected to devote some of their time and resources to these Group Companies. There can be no assurance that our Promoter Directors’ role in KNL, a Group Company does not present any conflicts of interest or potential conflicts of interest.

Further, KNL has been registered as a ‘nidhi company’ in accordance with Section 406 of the Companies Act, 2013 and shall undertake the business of lending to its members. There are no non-compete agreements/arrangements between our Company and KNL. The memorandum of association of KNL entitles it to undertake and carry out businesses activities that are similar or related to our business. There can be no assurance that KNL will not provide comparable services, expand their presence or acquire interests in competing ventures in the locations in which we operate. As a result, a conflict of interest may occur between our business and the business of KNL, which could have an adverse effect on our operations.

8. *Our Company was unable to trace certain secretarial records, including records pertaining to the allotment of Equity Shares acquired by our past shareholders prior to August 2004.*

We have been unable to locate the copies of certain of our secretarial records, i.e. prescribed forms filed by us with the Registrar of Companies, including, among others, in respect of the allotment of Equity Shares from incorporation until August 2004. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the Registrar of Companies. We cannot assure you that we will not be subject to any adverse action by a competent regulatory authority in this regard.

9. *A major part of our branch network is concentrated in southern India and we derive majority of our revenue from southern India. 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 919 branches situated in southern India out of 948 of our total branches. 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 page 77.

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

Our liquidity and ongoing profitability is 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 from banks, and issuance of secured and unsecured redeemable non-convertible debentures on private placement basis and Public Issue of secured and unsecured redeemable non-convertible debentures. 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 continues 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 crisis in the global credit market that began in mid-2007 destabilised the then prevailing lending model by banks and financial institutions. The capital and lending markets were highly volatile and access to liquidity had been significantly reduced. In addition, it became more difficult to renew loans and facilities as many potential lenders and counterparties also faced liquidity and capital concerns as a result of the stress in the financial markets. 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-SI, and do not have access to public deposits.

The RBI has issued guidelines DBOD.BP.BC.No. 106/21.04.172/2011-12 on May 18, 2012 whereby it has instructed banks to (i) reduce their regulatory exposure on a single NBFC having gold loans to the extent of 50.00% or more of its financial assets from 10.00% to 7.50% of their capital funds; and (ii) have an internal sub-limit as decided by the boards of the respective banks on their aggregate exposure to all such NBFCs having gold loans to the extent of 50% or more of their financial assets, taken together, which sub-limit should be within the internal limits fixed by banks for their aggregate exposure to all NBFCs taken together.

The RBI vide its circular RBI/2014-15/475 DNBS (PD) CC No.021/03.10.001/2014-15 dated February 20, 2015 issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures. These guidelines include restrictions on the minimum subscription amount for a single investor at ₹20,000, the issuance of private placement of NCDs shall be in two separate categories, those with a maximum subscription of less than ₹1 crore and those with a minimum subscription of ₹1 crore and above, the restriction of number of investors in an issue to 200 investors for a maximum subscription of less than ₹1 crore which shall be fully secured, there is no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹1 crore and above while the option to create security in favour of subscribers will be with the issuers and such unsecured debentures shall not be treated as public deposits, restriction on NBFCs for issuing debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/parent company/associates, prohibition on providing loan against its own debentures, etc. This has resulted in limiting the Company's ability to raise fresh debentures on private placement basis.

A significant portion of our debt matures each year. Out of the total amount of our outstanding NCDs, ₹2,01,062.67 lakhs, issued by our Company as of September 30, 2018, NCDs amounting to ₹75,015.37 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.

- 11. 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 operations is the largest component of our total income, and constituted 98.38%, 99.26% and 98.90% of our total income for Financial Years ended March 31, 2018, March 31, 2017 and March 31, 2016, 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.

- 12. We have had negative net cash flows from our operating, investing and financing activities in the recent fiscal years. Any negative cash flows in the future may adversely affect our results of operations and financial condition.**

We have had negative net cash flows from our operating, investing and financing activities in the last three fiscal years, the details of which are summarised below:

(in ₹ lakhs)			
Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net cash generated from/ (used in) operating activities	22,571.11	(6,362.66)	5,216.20
Net cash generated from/ (used in) investing activities	(6,409.68)	(2,634.40)	7,828.09
Net cash generated from/ (used in) financing activities	(13,686.71)	7,476.30	(24,396.54)

Any negative cash flows in the future may adversely affect our results of operations and financial condition. For further details, please see the sections titled "Financial Statements" on page 99.

- 13. 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 Loans 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 Loans are becoming increasingly standardised. Variable interest rates, variable payment terms and waiver of processing fees are also becoming increasingly common.

In our microfinance business, we face competition from other NBFCs, microfinance companies as well as both commercial and small finance banks. In addition, the RBI has set out guidelines applicable to microfinance institutions which restrict the number of microfinance institutions that can extend loans to the same borrower and also limit the maximum amount of loan that can be extended. The presence of microfinance institutions in India is not uniform and certain regions have a concentration of a large number of microfinance institutions while there are regions which have very few and even no microfinance institution presence. In any particular region, the level of competition depends on the number of microfinance institutions that operate in such area. In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

Our ability to compete effectively will depend, to an extent, on our ability to raise low-cost funding in the future as well as our ability to maintain or decrease our operating expenses by increasing operational efficiencies and managing credit costs. As a result of increased competition in the various sectors we operate in, products in our industry have become increasingly standardised and variable interest rate and payment terms and lower processing fees are becoming increasingly common across our products. There can be no assurance that we will be able to effectively address these or other finance industry trends or compete effectively with new and existing commercial banks, NBFCs, payment banks, other small finance banks and other financial intermediaries that operate across our various financing products.

In addition, the government has issued schemes such as Pradhan Mantri Jan-Dhan Yojana to ensure access to financial services in an affordable manner. Further, public sector banks as well as existing private sector banks, have an extensive customer and depositor base, larger branch networks, and in case of public sector banks, Government support for capital augmentation, due to which they may enjoy corresponding economies of scale and greater access to low-cost capital, and accordingly, we may not be able to compete with them. An inability to effectively address such competition may adversely affect our market share, business prospects, results of operations and financial condition.

14. *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 Loans 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.

15. *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 wastage that may occur when melting gold jewellery into gold bars. We have in place an extensive internal policy on determining the quality of gold prior to disbursement of the Gold Loan. However, we cannot assure that methods followed by us are fool proof and the impurity levels in the gold can be accurately assessed.

In the case of a default, amongst others we may auction the pledged gold in accordance with our auction policy. We cannot assure you that we will be able to auction such pledged gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process or other processes undertaken by us to recover the amount due to us. Any such failure to recover the expected

value of pledged gold could expose us to a potential loss and which could adversely affect our financial condition and results of operations.

- 16. *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.***

We have expanded our operations in the last three years from 939 branches as on September 30, 2015 to 948 branches as on September 30, 2018. We have experienced considerable growth in terms of our loan portfolio from ₹1,03,218.73 lakhs as on March 31, 2014 to ₹2,23,933.83 lakhs as on March 31, 2018. Our income from operations increased from ₹26,145.87 lakhs in the Financial Year ended March 31, 2014 to ₹42,364.40 lakhs in the Financial Year ended March 31, 2018 thereby achieving compounded annual growth rate (“CAGR”) of 12.82%. In this same period, the loan book increased from ₹1,03,218.73 lakhs for the Financial Year ended March 31, 2014 to ₹2,23,933.84 lakhs for the Financial Year ended March 31, 2018 at a CAGR of 21.36%.

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.

- 17. *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 as of the six month period ended September 30, 2018 and Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, was ₹2,358.69 lakhs, ₹2,195.31 lakhs, ₹1,089.70 lakhs, ₹666.98 lakhs, ₹631.97 lakhs and ₹172.15 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 when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or otherwise, or that the percentage of 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.

- 18. *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 and gold coins. This notification will limit our ability to provide loan on the collateral

of gold jewellery and thereby putting us at a disadvantage vis-à-vis unregulated money lenders offering similar products. Further, RBI in the Master Directions, has mandated NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier 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.

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

There are restrictive covenants in the agreements we have entered into with our lender. These restrictive covenants require us to seek the prior permission of these banks/financial institutions for various activities, including, amongst others, to declare dividend, for any change in the management/constitution, takeovers/mergers etc. or any expansion, new project/investment/acquiring assets under lease/enter into borrowing arrangements, to undertake any new project, or diversification, modernisation, amend or modify its Memorandum and Articles of Association/Bye Laws/Trust Deeds etc. For details of these restrictive covenants, see the chapter titled “Financial Indebtedness” beginning on page 102.

20. *We are subjected to supervision and regulation by the RBI as a systemically important NBFC, and changes in RBI’s regulations 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.

Moreover, under the amendment, the threshold for defining systemic significance for NBFCs-ND has been revised in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lakhs and above as per the last audited balance sheet. Moreover, as per the requirements of the Master Directions, all NBFCs-ND with assets of ₹50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI. 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.

21. *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

to make a provision for standard assets has been set out in a phased manner over a period of three years, i.e., 0.30% by the end of March 2016, 0.35% by the end of March 2017 and 0.40% by the end of March 2018.

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.

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

As of September 30, 2018, our microfinance AUM was ₹1,383.82 lakhs, representing 0.54% of our aggregate AUM as of such date. Our microfinance customers typically belong to the economically weaker sections and are diverse in nature, which include customers involved in income generating business activities, with limited sources of income, savings and credit records, and are therefore unable to provide us with any collateral or security for their loans. Such customers are at times unable to or may not provide us with accurate information about themselves which is required by us in connection with loans. Further, in case of emergencies like death of the borrower or the borrower's nominee, our microfinance borrowers are given a holiday period from payment of instalment on the outstanding borrowings which is later settled against payment received from the insurance companies.

In our microfinance business, we rely on non-traditional guarantee mechanisms rather than any tangible assets as security collateral. Our microfinance business involves a joint liability mechanism whereby borrowers form a joint liability group and provide guarantees for loans obtained by each member of such group. There can however be no assurance that such joint liability arrangements will ensure repayment by the other members of the joint liability group in the event of default by any one of them. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities and forced migration.

As a result, our micro finance customers potentially present a higher risk of loss in case of a credit default compared to that of customers in other asset-backed financing products. In addition, repayment of microfinance loans are susceptible to various political and social risks, including any adverse publicity relating to the microfinance sector accessing capital markets, public criticism of the microfinance sector, the introduction of a stringent regulatory regime, and/or religious beliefs relating to loans and interest payments, which adversely affect repayment by our customers and may have a material and adverse effect on our business prospects and future financial performance.

There can be no assurance that we will be able to maintain our current levels of NPAs. In addition, it is difficult to accurately predict credit losses, and there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting such losses or that our loan loss reserves will be sufficient to cover any such actual losses. As a result of the uncertain financial and social circumstances of our microfinance customers and the higher risks associated with lending to such customers, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that could have a material and adverse effect on our business prospects and financial performance.

23. *Our microfinance business involves transactions with relatively high-risk borrowers that typically do not have access to formal banking channels, and high levels of customer defaults could adversely affect our business, results of operations and financial condition.*

Our microfinance business involves lending money to smaller, relatively low-income entrepreneurs and individuals who have limited access or no access to formal banking channels, and therefore may not have any credit history and as a result we are more vulnerable to customer default risks including default or delay in repayment of principal or interest on our loans.

Some of our customers, especially the first-time borrowers, may not have any documented credit history, may have limited formal education, and are able to furnish very limited information for us to be able to assess their creditworthiness accurately. Consequently, we may not have past data on the customer's borrowing behaviour. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. It is therefore difficult to carry out credit risk analysis on our clients. Although we believe that our risk management controls are stringently applied, there can be no assurance that they will be sufficient or that additional risk management strategies for our customers will not be required.

Further, our customers may default on their obligations as a result of various factors including bankruptcy, lack of liquidity and / or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Although our microfinance business operates through a system of joint liability, we may still be exposed to defaults in payment, which we may not be able to recover in full. If our borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

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

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

- 25. *Our Gold Loans are due within nine months of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

The Gold Loans we offer are due within a period of nine 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.

- 26. *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.

- 27. *Exchange rate fluctuations may adversely affect our results of operations.***

We provide foreign exchange services to our customers. Accordingly, we are exposed to risks associated with foreign exchange fluctuation. Any adverse fluctuation in foreign exchange rates could affect our results of operations.

- 28. *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.

- 29. *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.

- 30. *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.

- 31. *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.

- 32. *We are subject to the risk of fraud by our employees and customers. Our lending operations involve significant amounts of cash collection which may be susceptible to loss or misappropriation or fraud by our employees. Specifically, employees operating in remote areas may be susceptible to criminal elements which may adversely affect our business, operations and ability to recruit and retain employees***

We are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully

recruit all of our employees and screen all our employees who are responsible for disbursement of Gold Loans and custody of gold, there could be instances of fraud with respect to Gold Loans and cash related misappropriation by our employees. We are required to report cases of internal fraud to the RBI, which may take appropriate action. We have also filed police complaints alleging fraud and misappropriation of gold by our employees in the past. We cannot guarantee you that such acts of fraud will not be committed in the future, and any such occurrence of fraud would adversely affect our reputation, business and results of operations.

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

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

33. *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 in place 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.

34. *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.

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

We have entered into transactions with several related parties, including our Promoters Directors and Group Companies. We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. The transactions we have entered into and any future transactions with our related parties could potentially involve conflicts of interest. For details in relation to transactions with related parties as per Accounting Standard 18 issued under the Companies Accounting Standard Rules entered into by us, see “Financial Information - Transactions with Related Parties” beginning on page F-45.

36. *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 the Company in the event of such seizure, except the recovery of the loss from the customer.

37. *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.

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

39. *All our branch premises, except three branches are acquired on lease. Any termination of arrangements for lease of our branches or our failure to renew the same in a favourable, timely manner, could adversely affect our business and results of operations.*

As on September 30, 2018, we had 948 branches in eight states and one union territory. Except three branches which are owned by us, the remaining are located on leased premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempts to evict us or seeks to renew an agreement on terms and conditions non-acceptable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

40. *We have ventured into new business areas and the sustainability, effective management and failure of growth strategy could adversely affect our business and result of operations.*

We have entered new businesses as part of our growth strategy. For example, we have received a corporate insurance agency license from IRDA under the Insurance Act, 1938 for acting as a corporate agent for the Life Insurance Corporation of India, which will enable us to market their life insurance plans. Further, we have entered into a distribution agreement with Religare Health Insurance Company Limited, vide an agreement dated December 21, 2015, to act as a corporate agent for providing health insurance plans to our customers. Additionally, we have also entered into corporate agency agreements with Reliance General Insurance Company Limited, Bajaj Allianz General Insurance Company, Apollo Munich Health Insurance Company Limited, SBI Life Insurance Limited and Bharti AXA General Insurance Company Limited, to act

as a corporate agent for soliciting or procuring insurance business. In furtherance to these objectives our Company had obtained a certificate of registration from the IRDA, dated March 30, 2016 to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999.

Further, our Company has begun offering loans against collateral of commercial or residential property. Additionally, our Company successfully obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was allotted a unique code-AMFI Registration Number (ARN) to undertake the business of a Mutual Fund Distributor and Commission Agent. Our Company has also started microfinancing activities. Additionally, our Company owns a parcel of agricultural land in Kattappana village, Udumpanchola Taluk, Idukki district, admeasuring 108.74 acres, through which our Company undertakes agricultural activity of cultivating cardamom. Our Company, on the basis of the definitive agreements entered into for installation of four windmill units at Ramakkalmedu, Idukki district of Kerala has completed the commissioning of the project and the windmills at Ramakkalmedu, Thookkupalam in Idukki District have become operational. Our Company has also submitted a tariff petition with the energy commission for fixing the tariff rate.

Our Company has also entered into agreements for its money transfer business with EBIX Money Express Private Limited (“EBIX”) to act in the capacity of a sub representative to offer money transfer services. Our Company also holds a FFMC license and carries on money changing activities through its branches authorised by RBI. As on September 30, 2017, we had one head office and 59 authorised branches. Our currency operations include sale and purchase of foreign exchange at different authorised branches. Additionally, our Company is an IATA approved agency and provides air ticketing services.

We have little or no operating experience with such businesses, and you should consider the risks and difficulties we may encounter by entering into new lines of business. New businesses may require significant capital investments and commitments of time from our senior management, and there often is little or no prospect of earnings in a new business for several years. Moreover, there is no assurance any new business we develop or enter will commence in accordance with our timelines, if at all, which could result in additional costs and time commitments from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Our inability to effectively manage any of the above issues could materially and adversely affect our business and impact our future financial performance.

41. *This Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.*

This Prospectus includes certain unaudited financial information in relation to our Company, for the six-month period ended September 30, 2018 in respect of which the Statutory Auditors of our Company have issued the Limited Review Report. As this financial information, has been subject only to limited review as required under Regulation 52 (2) (a) of the SEBI Listing Regulations, and as described in 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, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the six-month period ended September 30, 2018, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information in conjunction with the audited financial information provided elsewhere in this Prospectus.

RISKS PERTAINING TO THIS ISSUE

42. *We are required to create a debenture redemption reserve equivalent to 25% of the value of the NCD offered through this Issue and we may not have access to adequate funds to redeem the full quantum of the NCDs at the closure of the redemption period.*

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a debenture redemption reserve (“DRR”) out of the profits of the company available for payment of dividend, until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014 states that the Company shall create DRR and ‘the adequacy’ of the DRR will be 25% of the value of outstanding debentures issued through public issue.

Accordingly, if we are unable to generate adequate profits, the DRR created by our Company may not be adequate to meet the 25% of the value of the outstanding NCDs, which may have a bearing on the timely redemption of the NCDs by our Company.

For the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, the total value of outstanding debentures as on the respective dates were ₹1,57,654.26 lakhs, ₹1,31,064.60 lakhs and ₹87,804.16 lakhs. In accordance with the provisions of the Companies Act, our Company was required to maintain a DRR of ₹39,413.56 lakhs, ₹32,766.15 lakhs and ₹21,951.04 lakhs respectively for the aforementioned period. On account of the profits available for declaration of dividend, for the aforementioned financial years, our Company maintained a DRR of ₹9,523.05 lakhs ₹7,057.77 lakhs and ₹5,397.00 lakhs, respectively. Additionally, for the financial year ended on March 31, 2016, our Company declared a dividend of ₹16.10 lakhs instead of transferring the same towards creation of the DRR for the relevant financial year. There can be no assurance that our Company shall be able to generate adequate profits to maintain the requisite amount of 25% of the value of outstanding debentures, in the DRR as required under applicable law, which may have a bearing on the timely redemption of the NCDs by our Company

Further, our company is also required to, on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of the debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely: (i) in deposits with any scheduled bank, free from any charge or lien; (ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above, provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate amount in this respect, for the NCDs issued pursuant to this Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

43. *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.

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

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

45. *There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited in a timely manner, or at all.*

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE.

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

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

- 47. *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 Secured 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 Secured 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.

- 48. *Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs.***

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of the Companies Act, 2013 or Section 53 of Insolvency and Bankruptcy Code, 2016, as the case may be. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

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

- 50. *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 Bonds 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.

- 51. *We rely significantly on our management team, our key managerial personnel and our ability to attract and retain talent. Loss of any member from our management team or that of our key managerial personnel may adversely affect our business and results of operation.***

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

- 52. *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 Prospectus.***

While facts and other statistics in this 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 57. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

EXTERNAL RISK FACTORS

- 53. *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.

- 54. *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.

- 55. *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.

56. *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.

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

58. *As notified under Companies Act, 2013, public companies falling under specific categories, are required to prepare financial statements under the new accounting standards namely IND AS with effect from financial year 2016-17. While this is applicable for accounting periods beginning on or after April 1, 2019, for NBFCs such as our Company, we may be negatively affected by this transition.*

The MCA, on February 16, 2015 had notified that IND AS will be implemented in a phased manner starting from financial year 2016-17. Subsequently, the MCA vide a notification dated March 30, 2016, amended the Companies (Indian Accounting Standards) Rules, 2015 ("IND AS"), to require NBFCs such as our Company to comply with the Indian Accounting Standards, for accounting periods beginning on or after April 1, 2019, with comparatives for the periods ending March 31, 2019, based on our net worth, calculated in accordance with the standalone financial statements of our Company as on March 31, 2018. We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. Additionally, IND AS has fundamental differences with the existing accounting standards and therefore, financial statements prepared under IND AS may differ substantially from financial statements prepared under the existing framework of accounting standards. There can be no assurance that our financial condition, results of operation, cash flows or changes in shareholders' equity will not appear materially different under IND AS, Indian GAAP or IFRS. If we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that our adoption of IND AS, if required, will not affect our reported results of operations, financial condition and failure to successfully adopt IND AS in accordance with prescribed statutory and/or regulatory requirements within the timelines as may be prescribed may have an adverse effect on our financial position and results of operations.

PROMINENT NOTES

1. This is a public issue of Secured NCDs and Unsecured NCDs by our Company aggregating up to ₹15,000 lakhs with an option to retain over-subscription up to ₹15,000 lakhs, aggregating to a total of ₹30,000 lakhs. The Unsecured NCDs will be in the nature of the Subordinated Debt and will be eligible for Tier II capital.

2. For details on the interest of our Company's Directors, please see "*Our Management*" and "*Capital Structure*" beginning on pages 86 and 39, respectively.
3. Our Company has entered into certain related party transactions, within the meaning of AS 18, as notified under the Companies (Accounting Standards) Rules, 2006 and disclosed in "*Financial Statements*" beginning on page 99.
4. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
5. Investors may contact the Registrar to the Issue, Compliance Officer and Lead Manager for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue. All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the respective Stock Exchange.
6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "*Basis of Allotment*" set out in "*Issue Procedure*" on page 151.
7. Our Equity Shares are currently unlisted.
8. Our previous public issues of secured and unsecured redeemable non-convertible debentures are currently listed on BSE.
9. Our Company has had contingent liabilities amounting to ₹5,356.70 lakhs as of September 30, 2018.
10. For further information, relating to certain significant legal proceedings that we are involved in, see "*Outstanding Litigations*" on page 157.

SECTION III - INTRODUCTION

GENERAL INFORMATION

Kosamattam Finance Limited

Our Company was incorporated as ‘Standard Shares and Loans Private Limited’, a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC, dated March 25, 1987. Subsequently, the name of our Company was changed to ‘Kosamattam Finance Private Limited’ pursuant to a fresh certificate of incorporation dated June 8, 2004 issued by the RoC. Pursuant to a special resolution passed in the general meeting of our shareholders held on November 11, 2013 and a fresh certificate of incorporation issued by the RoC on November 22, 2013 our Company was converted into a public limited company and consequently our name was changed to ‘Kosamattam Finance Limited’.

NBFC Registration

Our Company has obtained a certificate of registration dated December 19, 2013 bearing registration no. B-16.00117 issued by the RBI to commence/carry on 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.

FFMC Registration

Our Company has obtained a full-fledged money changers license bearing license number FE.CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI, which is valid up to February 29, 2020.

Depository Participant Registration

Our Company holds a Certificate of Registration dated May 28, 2014 bearing registration number IN-DP-CDSL-717-2014 issued by the SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. The registration is valid up to May 27, 2019.

Corporate Insurance Agency Registration

Our company hold a Certificate of Registration dated March 30, 2016 bearing registration number - CA0179 issued by IRDA to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999. The registration is valid up to March 31, 2019.

Mutual Fund Advisor Registration

Our Company obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was assigned a unique code-AMFI Registration Number (ARN) - 116785. The registration is valid up to November 24, 2019.

LEI Registration

Our Company has obtained registration with Legal Entity Identifier India Limited (LEIL) and was assigned a LEI code - 335800F7BYBNG38B4A84.

Registration

Corporate Identity Number issued by the RoC: U65929KL1987PLC004729.

Registered & Corporate Office

Kosamattam Mathew K. Cherian Building,
Market Junction, M. L. Road,
Kottayam – 686 001,
Kerala, India
Email: cs@kosamattam.com



Tel.: +91 481 258 6400
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Chief Financial Officer

Annamma Varghese C.
Kosamattam Finance Limited
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Market Junction, M. L. Road
Kottayam – 686 001
Kerala, India
Tel.: +91 481 258 6457
Fax: +91 481 258 6500
E-mail: cfo@kosamattam.com

Company Secretary and Compliance Officer:

Sreenath P.
Kosamattam Finance Limited
Kosamattam Mathew K. Cherian Building
Market Junction, M. L. Road
Kottayam – 686 001
Tel.: +91 481 258 6506
Fax: +91 481 258 6500
E-mail: cs@kosamattam.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted 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, Application Form Number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centres of the Members of the Syndicate where the Application was submitted.

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

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

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

Registrar of Companies, Kerala and Lakshadweep

1st Floor, Company Law Bhavan,
BMC Road, Thrikkakara,
Kochi – 682 021
Kerala, India

Lead Manager to the Issue

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013, Maharashtra, India

Tel.: +91 22 6666 8040/42
Fax: +91 22 6666 8047
Email: kfl@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Harish Patel
Compliance Officer: Jayesh Vithlani
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

Debenture Trustee**Vistra ITCL (India) Limited**

The IL&FS Financial Center,
Plot No. C – 22, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Tel: +91 22 2659 3333
Fax: +91 22 2653 3297
Email: itclcomplianceofficer@vistra.com
Website: www.vistraitcl.com
Investor Grievance Email: investorgrievancesitcl@vistra.com
Contact Person: Jatin Chonani, Compliance Officer
SEBI Registration Number: IND000000578

Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) has by its letter dated November 12, 2018, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

Registrar to the Issue**Karvy Fintech Private Limited**

(previously known as Karvy Computershare Private Limited)
Karvy Selenium Tower B
Plot 31-32,
Financial District, Nanakramguda
Serilingampally, Rangareddy
Hyderabad – 500 032, Telangana
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
Email: kosamattam.ncdipo15@karvy.com
Investor Grievance Email: einward.rti@karvy.com
Website: www.karisma.karvy.com
Contact Person: M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U67200TG2017PTC117649

Credit Rating Agency**India Ratings & Research Private Limited**

Wockhardt Towers, 4th Floor
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
Tel: +91 22 4000 1700
Fax: +91 22 4000 1701
Email: shrikant.dev@indiaratings.co.in
Contact Person: Shrikant Dev, Compliance Officer
Website: www.indiaratings.co.in
SEBI Registration No: IN/CRA/002/1999

Legal Counsel to the Issue**Khaitan & Co**

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

Statutory Auditors of our Company**Vishnu Rajendran & Co.**

3rd Floor, CSI Commercial centre,
Baker Jn., Kottayam-686 001
Tel: +91 93498 70062; +91 481 2301 999
Email kottayam@vrc.co.in
Partner: P.A. Joseph M.Sc., FCA
Membership No.: 201101
Firm Registration Number: 004741S

Public Issue Account Bank**Axis Bank Limited**

Ground Floor, Century Towers
Near YWCA, M C Road
Kottayam – 686 001
Tel: +91 481 230 3171/230 3172
Fax: + 91481 230 3174
Email: kottayam.branchhead@axisbank.com
Contact Person: Siju K John, Branch Head
Website: www.axisbank.com
SEBI Reg. No.: INBI00000017

Refund Bank**Axis Bank Limited**

Ground Floor, Century Towers
Near YWCA, M C Road
Kottayam – 686 001
Tel: +91 481 230 3171/230 3172
Fax: + 91481 230 3174
Email: kottayam.branchhead@axisbank.com
Contact Person: Siju K John, Branch Head
Website: www.axisbank.com
SEBI Reg. No.: INBI00000017

Syndicate Member**Vivro Financial Services Private Limited**

607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013, Maharashtra, India
Tel.: +91 22 6666 8040/41/42
Fax: +91 22 6666 8047
Email: kfl@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Harish Patel

Compliance Officer: Jayesh Vithlani
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

Bankers to our Company

Bank of Baroda

Madeena Tower, Baker Junction,
CMS College Road,
Kottayam – 686 001
Tel: +91 481 2564 577
Email: kottay@bankofbaroda.com
Contact Person: K K Singh
Website: www.bankofbaroda.com

Canara Bank

Temple Road
Kottayam – 686 001
Kerala
Tel: +91 481 2583 122
Email: cb1523@canarabank.com
Contact Person: Joseph James
Website: www.canarabank.com

Dhanlaxmi Bank Limited

Industrial Finance Branch, Mini Enclave,
YMCA Junction, Chittoor Road,
Ernakulam - 682011
Tel: +91 484 235 5053/ 5056
Email: dlb.ifb@dhanbank.co.in
Contact Person: Jyothi K N
Website: www.dhanbank.com

Karur Vysya Bank

VII/93, CSI Complex,
M.C. Road, Baker Junction,
Kottayam – 686 001
Tel: +91 481 256 4003/6003
Email: kottayam@kvbmail.com
Contact Person: A R Rajesh
Website: www.kvb.co.in

Oriental Bank of Commerce

1057, Jaya Enclave,
Avinashi Road,
Coimbatore – 641 018
Tel: +91 422 2240 190
Email: bm1044@obc.co.in
Contact Person: Santosh Kumar Pillai
Website: www.obcindia.co.in

State Bank of India

‘Ganesh Kripa’, Thycaud,
Trivandrum – 695 014
Tel: +91 471 233 9891
Email: sbi.04350@sbi.co.in
Contact Person: Dileep SS
Website: https://bank.sbi.co.in

The Catholic Syrian Bank Limited

Baker Junction,
Kottayam - 686 001
Tel: +91 481 258 3045/256 0475
Email: kottayam@csb.co.in
Contact Person: Bobby Joseph
Website: www.csb.co.in

The South Indian Bank Limited

275/IX, Catholic Centre
Central Junction, Kottayam – 686 001
Tel: +91 481 256 6801/ 6930
Email: br0037@sib.co.in
Contact Person: Boban V J
Website: www.southindianbank.com

Union Bank of India

Union Bhavan, Ground Floor
M G Road, Ernakulam, Kochi – 682 035
Tel: +91 484 238 5209 / 5551
Email:
cbsernakulam@unionbankofindia.com
Contact Person: P Sugathan
Website: www.unionbankofindia.co.in

Vijaya Bank

TC No. 25/2624, Bhadra Centre
Kunnumpuram Road
Near Dhanya Remya Theatre
Trivandrum – 695 001
Tel: +91 471 247 4881/ 6763
Email: vb2041@vijayabank.co.in
Contact Person: M V S Subrahmanyam
Website: www.vijayabank.com

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

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

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

fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue i.e. ₹11,250 lakhs. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Arrangers to the Issue

There are no arrangers to the Issue.

Credit Rating

The NCDs proposed to be issued under this Issue have been rated 'IND BBB': Outlook Stable by India Ratings for an amount up to ₹30,000 lakhs including the unsecured portion of up to ₹4,000 lakhs, vide their letter dated November 27, 2018. For the rationale for these ratings, see Annexure II to this Prospectus. 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. Such instruments carry moderate credit risk. Please refer to page 249 for the rationale for the above rating.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditor, the Legal Advisor to the Issue, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities, will be filed along with a copy of this 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 with Stock Exchange.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled "*Objects of the Issue*" on page 54.

Underwriting

This Issue is not underwritten.

Designated Intermediaries

Self-Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at <http://www.sebi.gov.in/>, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

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

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 the BSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> for RTAs and CDPs, as updated from time to time.

Broker Centers/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 the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centers, 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.

Issue Programme:

ISSUE OPENS ON	DECEMBER 27, 2018
ISSUE CLOSES ON	JANUARY 25, 2019*

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Debenture Committee, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") ("Bidding Period") during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform would be rejected.

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

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as at date of this Prospectus is set forth below:

Particulars	In ₹
Authorised share capital	
20,55,000 Equity Shares of ₹1,000 each	2,05,50,00,000
5,00,000 Preference Shares of ₹1,000 each	50,00,00,000
Total authorised share capital	2,55,50,00,000
Issued, subscribed and paid up share capital	
18,95,000 Equity Shares of ₹1,000 each	1,89,50,00,000
1,76,749 Preference Shares of ₹1,000 each	17,67,49,000
Total issued subscribed and paid up share capital	2,07,17,49,000

Details of change in authorised share capital of our company, as on the date of this Prospectus, for last five years is set forth below:

Date of approval	Authorised Share Capital (in ₹)	Particulars
December 30, 2013 (EGM)	1,50,00,00,000	Authorised Share Capital was increased from ₹1,00,00,00,000 divided into 10,00,000 Equity Shares of ₹1,000 each to ₹1,50,00,00,000 divided into 15,00,000 Equity Shares of ₹1,000 each
February 25, 2016 (EGM)	2,00,00,00,000	Authorised Share Capital was increased from ₹1,50,00,00,000 divided into 15,00,000 Equity Shares of ₹1,000 each to ₹2,00,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 2,00,000 Preference Shares of ₹1,000 each
November 22, 2016 (EGM)	2,30,00,00,000	Authorised Share Capital was increased from ₹2,00,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 2,00,000 Preference Shares of ₹1,000 each to ₹2,30,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each
September 11, 2017 (EGM)	2,55,00,00,000	Authorised Share Capital was increased from ₹2,30,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each to ₹255,00,00,000 divided into 20,50,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each
September 29, 2018 (EGM)	2,55,50,00,000	Authorised Share Capital was increased from ₹255,00,00,000 divided into 20,50,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each to ₹255,50,00,000 divided into 20,55,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each

Equity Share capital history of our Company for the last five years preceding the date of this Prospectus is set forth below:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
December 31, 2013	30,000	1,000	1,000	Cash	Preferential Allotment ¹	10,30,000	1,03,00,00,000	NIL
May 31, 2014	2,00,000	1,000	1,000	Cash	Rights Issue ²	12,30,000	1,23,00,00,000	NIL
July 31, 2015	1,50,000	1,000	1,000	Cash	Rights Issue ³	13,80,000	1,38,00,00,000	NIL
Details of allotments made in the last two years preceding the date of this Prospectus								
March 14, 2017	1,57,500	1,000	1,000	Cash	Rights Issue ⁴	15,37,500	1,53,75,00,000	NIL
October 13, 2017	2,00,000	1,000	1,000	Cash	Rights Issue ⁵	17,37,500	1,73,75,00,000	NIL
March 31, 2018	1,00,000	1,000	1,000	Cash	Rights Issue ⁶	18,37,500	1,83,75,00,000	NIL



Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
July 19, 2018	7,500	1,000	-	Other than cash	Allotment pursuant to the scheme of amalgamation ⁷	18,45,000	1,84,50,00,000	NIL
September 29, 2018	50,000	1,000	1,000	Cash	Rights Issue ⁸	18,95,000	1,89,50,00,000	NIL
Total						18,95,000	1,89,50,00,000	NIL

1. Preferential allotment of 24,000 Equity Share to Mathew K Cherian and 6,000 Equity Shares to Laila Mathew.
2. Rights Issue of 2,00,000 Equity Shares to Mathew K Cherian.
3. Rights Issue of 22,400 Equity Shares to Mathew K Cherian, 27,600 Equity Shares to Laila Mathew and 1,00,000 Equity Shares to M/s Kosamattam Ventures (P) Limited.
4. Rights Issue of 1,26,000 Equity Shares to Mathew K Cherian and 31,500 Equity Shares to Laila Mathew, in the ratio of 1:6.
5. Rights Issue of 2,00,000 Equity Shares to Kosamattam Ventures Private Limited, in the ratio of 1:5.
6. Rights Issue of 40,000 Equity Shares to Mathew K Cherian and 60,000 Kosamattam Ventures Private Limited, in the ratio of 1:10.
7. Allotment of 1,500 Equity Shares to Mathew K. Cherian, 5,998 Equity Shares to Laila Mathew and 2 Equity Shares to Jilu Saju Varghese, pursuant to the amalgamation of Kosamattam Mathew K Cherian Financiers Private Limited with our Company, vide an order of the NCLT dated June 26, 2018.
8. Rights Issue of 50,000 Equity Shares to Mathew K Cherian, in the ratio of 1:15.

Statement of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the directors of the company which is a promoter of the Issuer and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing this Prospectus:

Except as disclosed below, none of the Directors of the Company including their relatives as defined under Section 2(77) of the Companies Act, 2013 and the Promoter/Promoter Group of the Company have undertaken purchase and/or sale of the securities of our Company during the preceding 6 (six) months from the date of this Prospectus.

Date of subscription	Name of Director/Promoter	Number of Equity Shares
September 29, 2018	Mathew K Cherian	50,000
	Mathew K Cherian	1,500
July 19, 2018	Laila Mathew	5,998
	Jilu Saju Varghese	2

Shareholding pattern

The following table sets forth the shareholding pattern of our Company as on the September 30, 2018:

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, 1957) (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)
								Class - Equity	Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	Promoter and Promoter Group	7	18,94,994	0	0	18,94,994	99.99	99.99	99.99	99.99	0	0	0	0	0	0	15,34,991
(B)	Public	6	6	0	0	6	Negligible	Negligible	Negligible	Negligible	0	0	0	0	0	0	0
(C)	Non-Promoter Non-Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C) (1)	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C) (2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total (A)+(B)+(C)	13	18,95,000	0	0	18,95,000	100.00	100.00	100.00	100.00	0	0	0	0	0	0	15,34,991

List of top ten holders of Equity Shares of our Company as on the date of this Prospectus is as below:

Sr. No.	Name of Shareholders	Address	Number of Equity Shares held
1.	Mathew K. Cherian	354A, Kosamattam, 15, Manganam West, Vijayapuram, Kottayam - 686018, Kerala	12,33,504
2.	Laila Mathew	354A, Kosamattam, 15, Manganam West, Vijayapuram, Kottayam - 686018, Kerala	3,01,483
3.	Kosamattam Ventures (P) Limited	Kosamattam Healthcare & Speciality Centre, K.K Rd, Behind Kanjikuzhy Traffic Island, Muttambalam P.O, Kottayam - 686004, Kerala	3,60,000
4.	Jilu Saju Varghese	Parayil House, West Othara P.O, Via Thiruvalla, Pathanamthitta - 689551, Kerala	4
5.	Milu Mathew	Enchakattu House, C N I Hills, Kottayam - 686001, Kerala	1
6.	George Thomas	Enchakattu House, C N I Hills, Kottayam - 686001, Kerala	1
7.	Saju Varghese	Parayil House, West Othara P.O, Via Thiruvalla, Pathanamthitta - 689551, Kerala	1
8.	Bala Mathew	354A, Kosamattam, 15, Manganam West, Vijayapuram, Kottayam - 686018, Kerala	1
9.	Manjusree S	Madathil House, Kooroppada, Lakkattoor, Kottayam, - 686502, Kerala	1
10.	Mithu Thomas	Kulangara, Kurchy, Sachivothampuram, Kottayam-686532, Kerala	1
11.	Sam Cherian	Pallithanam, Velloor, Pampady, Kottayam - 686501, Kerala	1
12.	Sindhu Krishnakumar	Kalloor House, Chengalam South, Kottayam - 686022, Kerala	1
13.	Mathew Kurian	Vanjithattil Mattathil, Pathinanjil Kadavu, Velloor P.O., Kottayam - 686003, Kerala	1
Total			18,95,000

List of top ten holders of Preference Shares of our Company as on the date of this Prospectus is as below:

Sr. No.	Name of Shareholders	Address	Number of Preference Shares held
1.	Rinsel Technologies (India) Private Limited	Shop No. 3, Narayan Ramji Niwas, Carter Road No. 2, Near Municipal School, Borivali (East), Mumbai - 400 066	93,000
2.	Raj Lakshmi Auto Finance Private Limited	Level 6, Constantia Building, 11- Dr. U. N. Brahmachary Road, Kolkata - 700 017	27,000
3.	Joy Paul	Pulleli House Muringoor P O Thrissur - 680 316	4,500
4.	Suja John	Alappattu House, Thodupuzha P O, Idukki - 685 584	2,200
5.	Jose John Chungath	TMC 15/1287, Chungath House, By-Pass Junction, Mannuthy P.O., Thrissur - 680 651	2,000
6.	Shirly Mary Shibu	Puthur House, Parappur, Thrissur - 680 552	1,900
7.	Kochumary Chummar	Kuriyedath House, Malayattoor, Ernakulam - 683 587	1,800
8.	Kukku Tresa Mathew	Chempothra Kochuparambil, Pathanamthitta - 689 645	1,519
9.	Elsa Chummar	Kuriyedath House, Malayattoor, Ernakulam - 683 587	1,400
10.	Beena Shaji	Alinchuvattil House Kunnappilly Peruva P O, Kottayam District - 686 610	1,000
Total			1,36,319

List of top ten debenture holders of our Company as on September 30, 2018.
(a) Unlisted privately placed secured redeemable non-convertible debentures:

Sr. No.	Name of holders	Address	Number of instruments held	Face Value per debenture (In ₹)	Amount (In ₹)
1.	Joseph P V	Palackatharayil House, Seethathodu, Pathanamthitta - 689 667	25,000	100	25,00,000
2.	Rajan P Gheevarghese	Kenkayil Rajbhavan Market Road, Adoor P O. Pathanamthitta 689 694	2,500	1,000	25,00,000
3.	Jegadamma .P.T.	Madathil Parambil house, Nalukody, Kottayam - 686548	2,000	1,000	20,00,000
4.	P Lakshmikutty Amma	Mangalam, Sasthamangalam, Trivandrum - 695 010	2,000	1,000	20,00,000
5.	Sharmada R Nair	Sukhadam, 33/3452D, VMSRRA 129, Kanjirathinkal Road, Vennala, Kochi 682 028	2,000	1,000	20,00,000
6.	Radhika S Nair	Sukhadam,33/3452D, VMSRRA 129, Kanjirathinkal Road, Vennala, Kochi - 682 028	2,000	1,000	20,00,000
7.	Shajan P Jacob	Polelayathu House, Ulanad P O, Kulanada, Pathanamthitta - 689 503	2,000	1,000	20,00,000
8.	Devarajan T.V.	Arya Bhavan, Mavelikkara, Manakamkuzhy, Alappuzha - 690558	1,800	1,000	18,00,000
9.	Amal John	Heavenly Vision, Thulamparambu South, Danapady, hgaripad, Alappuzha - 680514	1,600	1,000	16,00,000
10.	Koshy Philip	Thoppil House, Puramattom P O, Mallapally, Pathanamthitta - 689 543	1,500	1,000	15,00,000

(b) Listed secured non-convertible debentures, issued vide public issue:

Sr. No.	Name of the holder	Address	Number of instruments held	Face value of debentures (In ₹)	Amount (In ₹)
1.	Jacob CV	Nechuppadam House, Kadayiruppu P.O. Kolenchery, Ernakulam - 682 311	70,000	1,000	7,00,00,000
2.	Aleyamma Jacob	Chennakattu, Kalangamari, Kadayiruppu, Kolencherry - 682 311	41,500	1,000	4,15,00,000
3.	Anilkumar J	ASRA 39, Ambadi, Attinkuzhy, Kazhakutta, P.O., Trivandrum -695 582	17,000	1,000	1,70,00,000
4.	Thomas PT	12/439, Purayidathil House, Athirampuzha PO, Kottayam Kerala – 686 562	13,341	1,000	133,41,000
5.	Aleyamma M Vadakel	Vadakkal House, Oliyampuram P.O., Koothattukulam, Ernakulam - 686 662	10,502	1,000	105,02,000
6.	Maya Joseph	Thayil, Malikayilambalakadavil, Parippu P O, Kottayam - 686 014	10,035	1,000	1,00,35,000
7.	Baiju Ramachandran	EswaraVilasom, Mangattukadavu, Thirumala, Trivandrum – 695 006	9,192	1,000	91,92,000
8.	Katherine Thomas	Cherukunnel House, Ramapuram Bazar PO, Kottayam – 686 576	9,100	1,000	91,00,000
9.	Krishnan Vijayaragavan	106, 2 nd Main Kasturi Nagar, East of NGEE, Bengaluru - 560 043	8,800	1,000	88,00,000
10.	Mathai Samuel	Kumplunilkunnathil, Prakkanam P.O., Pathanamthitta - 689643	7,400	1,000	74,00,000

(c) **List of top ten unsecured, privately placed, non-convertible debenture holders of our Company as on September 30, 2018:**

Perpetual Debt Instrument

Sr. No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Amount (In ₹)
1	Flossy Reji Alex	Grace Villa, Kallimel, Mavelikkara, Alappuzha	4	5,00,000	20,00,000
2	P M Unnikrishnan Nair	Gokulam, Parumala, Thiruvalla, Alappuzha	3	5,00,000	15,00,000
3	Aleyamma Kadampachira	Kadampachira (H), Kuravilangad, Kottayam	2	5,00,000	10,00,000
4	Aleyamma Joseph	Kondadampadavil House, Areekara, Veliyannoor, Kottayam	2	5,00,000	10,00,000
5	Soly M Vadakel	Vadakel House, Paittakulam, Oliyapuram, Koothattukulam	2	5,00,000	10,00,000
6	K C Joseph	Kondadampadavil House, Areekara, Veliyannoor, Kottayam	2	5,00,000	10,00,000
7	Koshy Abraham	HN-237, Kunnumpurathu, Bapuji Nagar, Pongummoodu, Thivandrum	2	5,00,000	10,00,000
8	Chacko Joseph	Vattaparambil House, Vadakummury, Karimkunnam, Idukki	2	5,00,000	10,00,000
9	Amminikutty Philip	Alencherry Mala Kunnam Changanacherry	2	5,00,000	10,00,000
10	Joseph Chacko	Vattaparambil House, Adakkummuruv, Karimkunnam	2	5,00,000	10,00,000

Subordinated Debt

Sr. No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Amount (In ₹)
1	Joseph Rubans	Thaivilakom House Valiyavell Trivandrum - 6950 21	1,50,000	100	1,50,00,000
2	Roggy George	Kuttikattu House Nariyapuram Pathanamthitta – 689 513	25,000	100	25,00,000
3	Soji Roggy George	Kurumpilathu Vilayil Venmony Alappuzha - 689 509	25,000	100	25,00,000
4	Marykutty Antony	Ladapuram, Kurisumood, Vazhapallil, Changanacherry, Kottayam - 686 101	18,000	100	18,00,000
5	Maathews Kenny Varkey	Kavumnadayil House, Maramon, Pathanamthitta - 689 549	15,000	100	15,00,000
6	Shajan P. Jacob	Poleyayathu House, Ulnadu, Pathnamthitta – 689 503	15,000	100	15,00,000
7	Aleyamma Johnson	Thekkumvillayil, Ottackal, Thenmala, Kollam – 691 308	15,000	100	15,00,000
8	Eugene Simon	698 Vikesh 4 Kuravankonam, Kaudiar P.O., Trivandrum – 695 003	15,000	100	15,00,000
9	Mary	698 Vikesh 4 Kuravankonam, Kaudiar P.O., Trivandrum – 695 003	15,000	100	15,00,000
10	Ajit Mathew	Mullakal Muttambalam, Kottayam - 695 003	15,000	100	15,00,000

(d) Listed unsecured subordinated non-convertible debentures, issued vide public issue:

Sr. No.	Name of the holder	Address	Number of instruments held	Face value of debentures (In ₹)	Amount (In ₹)
1.	Simon Kurudamannil Simon	No 12 J P Nagar, Mathoor P.O., Thiruvalla, Pathanamthitta, Kerala-689 107, Kerala	6,000	1,000	60,00,000
2.	Vidyasagaran Pillai	Archana West Fort, Mavellikara, Alappuzha - 690 101, Kerala	4,725	1,000	47,25,000
3.	Mariamamma Rajan	Cheruvazhathadathil, Kaippattoor P.O., Pathanamthitta – 689 648, Kerala	4,000	1,000	40,00,000
4.	Jaya Sam	Mukalil Edayile Veedu, Kadika, Kaithaparambu P. O., Enathu - 691 526, Kerala	3,650	1,000	36,50,000
5.	Naseema Beevi	Jyothi Nilayamallummooduneyyattinkar A P Othiruvanthapuram 695 121, Kerala	3,500	1,000	35,00,000
6.	Shibu R	RS Nivas, Krishnankunnu, Madavoor, Pallickal P.O., Trivandram – 695 602, Kerala	3,000	1,000	30,00,000
7.	Kelukutty K.K.	Koruthara House, Alapad P.O., Anthikad, Thrissur, Kerala-680641	3,000	1,000	30,00,000
8.	Molly Earnest	Deepthimedayil Junthirumullavaram P O, Kollam, 691012	2,500	1,000	25,00,000
9.	Varughese George	G 4 Galaxy Luxor, St Sebastian Road, Vyttila, Vyttila – 682 019, Kerala	2,500	1,000	25,00,000
10.	Saseendran B.	Kunnilveedu Chembukonam Vazhottukonam Vattiyurkavu P O, Thiruvananthapuram, 695013	2,500	1,000	25,00,000

Debt - equity ratio:

The debt equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹2,47,496.51 to ₹34,837.91 lakhs as on September 30, 2018:

Particulars	As at September 30, 2018	
	Pre-Issue	Post-Issue
Debt		
Long Term Debt (in ₹ lakhs)	1,26,095.34	1,56,095.34
Short Term Debt (in ₹ lakhs)	1,21,401.17	1,21,401.17
Total Debt (in ₹ lakhs)	2,47,496.51	2,77,496.51
Shareholders' funds		
Equity Share Capital (in ₹ lakhs)	18,950.00	18,950.00
Cumulative Convertible Preference Shares (in ₹ lakhs)	1,767.49	1,767.49
Reserves and Surplus		
Capital Reserve	9.07	9.07
Statutory Reserve	3,870.50	3,870.50
Revaluation Reserve	2.86	2.86
Surplus in Profit and Loss A/c	714.93	714.93
Debenture Redemption Reserve	9,523.06	9,523.06
Total Shareholders' funds (in ₹ lakhs)	34,837.91	34,837.91
Long Term Debt to Equity Ratio (Number of times)	3.62	4.48
Debt to Equity Ratio (Number of times)	7.10	7.97

Notes:

1. *Short term debts represent debts which are due within 12 months from September 30, 2018.*
2. *Long term debts represent debts other than short term debts, as defined above.*
3. *The pre-issue figures disclosed are based on the unaudited financial statements of the Company as at September 30, 2018.*
4. *Long Term Debt/Equity=Long Term Debt/ Shareholders Funds.*
5. *The Debt Equity ratio post issue is indicative and is on account of the assumed inflow of ₹30,000 Lakhs from the proposed issue.*
6. *The following events that occurred from October 1, 2018 and may have an impact on above calculation*
 - a. *Overdraft sanctioned for ₹500.00 lakhs from DCB Bank has been closed on October 06, 2018;*
 - b. *Overdraft from Dhanlaxmi Bank enhanced the limit from ₹4,000 lakhs to ₹5,000 lakhs on October 11, 2018.*

For details on the total outstanding debt of our Company, see “*Financial Indebtedness*” beginning on page 102.

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.

Details of any acquisition or amalgamation in the last one year

Except as disclosed in “*Material Developments – Scheme of Amalgamation*” on page 100, our Company has not made any acquisition or amalgamation in the last one year.

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.

Employee Stock Option Scheme:

Our Company does not have any employee stock option scheme.

STATEMENT OF TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS**The Board of Directors
Kosamattam Finance Limited**

Kosamattam MKC Building
Market Junction
ML Road
Kottayam – 686 001
Kerala

Dear Sirs,

Sub: Statement of possible Tax Benefits under Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, available to Debenture Holders of Kosamattam Finance Limited (“Company”) in connection with proposed issue of Non- Convertible Debentures (“Issue”)

We refer to the proposed issue of Non-Convertible Debentures by the Company. We enclose herewith the statement showing the current positions of tax benefits available to the debenture holders as per the provisions of the Income-tax Act, 1961 (“**I.T. Act**”) and Income tax Rules, 1962 including amendments made by Finance Act 2018 as applicable for the financial year 2018-19. Several of these benefits are dependent on the Company and its debenture holders fulfilling the conditions prescribed under the relevant provisions of the I.T. Act. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon fulfilling such conditions.

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

The benefits discussed in the enclosed Annexure are not exhaustive. This statement is only intended 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 the tax consequences and the changing tax laws, each debenture holder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which a debenture holder can avail. Neither are we suggesting nor are we advising the debenture holders to invest money based on this statement.

We accept no responsibility to debenture holders or any third party and this should be stated in the Prospectus (collectively the “**Offer Document**”). The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

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

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its debenture holders in the Offer Documents for the Issue which the Company intends to file to the BSE Limited, the National Stock Exchange of India Limited, the Securities and Exchange Board of India, the relevant Registrar of Companies in India and any other regulatory authorities as required under the applicable laws, in connection with the Issue provided that the below statement of limitation is included in the Offer Documents.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the

express understanding that we do not assume responsibility towards the debenture holders who may or may not invest in the Issue relying on the statement.

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

For Vishnu Rajendran & Co.

Chartered Accountants

FRN: 004741S

P. A. JOSEPH M.Sc., FCA

Partner

M No: 201101

Place: Kottayam

Date: November 26, 2018

ANNEXURE

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

Debenture holders are advised to consult their own tax consultant with respect to the tax implications of an investment in the debentures particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

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

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. Under the Income-Tax Act, 1961 (“I.T. Act”)

I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.
2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed debentures are subject to tax at the rate of 10% [plus applicable surcharge and Health and Education Cess (“**cess**”)] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration.

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

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

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

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

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

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

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

Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
 - (c) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.
 - (d) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
 - (e) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII -A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII -A of the I.T. Act. In that case,

- (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
 - (b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
 - (c) Where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian.
4. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act
5. The income tax deducted shall be increased by surcharge as under:
 - (a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds ₹50,00,000 and does not exceed ₹1,00,00,000) and 15% of such tax liability (if net income exceeds ₹1,00,00,000) subject to deduction.
 - (b) In the case of foreign companies, surcharge at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000, surcharge at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹10,00,00,000.
 - (c) Cess is to be applied at 4% on aggregate of base tax and surcharge.
6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate (“TRC”), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self - declaration in Form 10F would need to be provided by the assessee along with TRC.
7. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.

III. Tax benefits available to the Foreign Portfolio Investors (“FPIs”)

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
3. Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess) in accordance with and subject to the provisions of Section 115AD of the I.T. Act.

4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.
5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FPIs.

IV. Tax benefits available to Mutual Funds

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

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

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

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

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

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.
2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVII-B (“**deductee**”) to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
 - (i) at the rate specified in the relevant provision of the I.T. Act; or
 - (ii) at the rate or rates in force; or
 - (iii) at the rate of twenty per cent.

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

VII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after April 01, 2017:

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

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

NOTES:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2018.
2. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds ₹50 lakhs but does not exceed ₹1 crore and at the rate of 15% on tax where the total income exceeds ₹1 crore.
3. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹1 crore.
4. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds ₹1 crore but does not exceed ₹10 crores and at the rate of 12% on tax where the income exceeds ₹10 crores.
5. Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds ₹1 crore but does not exceed ₹10 crores and at the rate of 5% on tax where the income exceeds ₹10 crores.
6. Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.
7. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

OBJECTS OF THE ISSUE

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

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹30,000 lakhs, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending and for repayment of interest and principal of existing loans;
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 ₹ lakhs)

Sr. No.	Description	Amount*
1.	Gross proceeds of the Issue	30,000
2.	(less) Issue related expenses	160
3.	Net Proceeds	29,840

**Assuming the Issue is fully subscribed and the Company retains oversubscription*

Requirement of funds and Utilisation of Net Proceeds

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

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	Onward lending	at least 61.72%
2.	Repayment of interest and principal of existing loans	up to 13.28%
3.	General Corporate Purposes*	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 gross proceeds, in compliance with the SEBI Debt Regulations.*

For further details of our Company’s outstanding indebtedness, see “*Financial Indebtedness*” on page 102.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim Use of Proceeds

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

instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2018-19, our Company will disclose in our financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Variation in terms of contract or objects in Prospectus

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

Issue related Expenses

The expenses for this Issue include, inter alia, lead management fees and selling commission to the lead manager, lead brokers, fees payable to debenture trustees, underwriters, the Registrar to the Issue, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

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

(in ₹ lakhs)

Activity	Amount	Percentage of Overall Issue Size
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar, legal advisors, Debenture Trustee, etc.)	80	0.27%
Advertising and Marketing Expenses	50	0.17%
Printing, Stationery and Distribution	10	0.03%
Other Miscellaneous Expenses	20	0.07%

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

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

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹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.

Other confirmations

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue. In accordance with the SEBI Debt Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

No part of the Issue Proceeds will be paid by our Company to our Promoters, our Directors, Key Managerial Personnel, Senior Managerial Personnel or companies promoted by our Promoters.

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.

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

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

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

Utilisation of Issue Proceeds

- (a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013;
- (b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Company's Balance Sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance Sheet indicating the form in which such unutilised monies have been invested;
- (d) The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property;
- (e) Details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilised monies have been invested.

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The following information includes extracts from publicly available information, data and statistics derived from reports prepared by third party consultants, including CRISIL research EcoView and Gold Loan Report dated October 2018, private publications, and industry reports prepared by various trade associations, as well as other sources, which have not been prepared or independently verified by the Company, the Lead Manager or any of its respective affiliates or advisors. Such information, data and statistics may be approximations or may use rounded numbers. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

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Indian Economy

Fading impact of demonetisation, GST and continuing global recovery to support growth

GDP growth to rise to 7.5% in fiscal 2019 from 6.7% in fiscal 2018. The weak base of fiscal 2018, too, will give a statistical lift to growth. Supporting this will be a continued pick-up in government investment spending, a good monsoon led lift to rural incomes and among other factors, a weaker rupee benefiting exports.

Consumer price inflation to pick up to 4.8% average in fiscal 2019, from 3.6% in fiscal 2018, led by higher crude oil prices, rising consumption demand, impact of house rent allowance revisions on housing inflation.

Current account deficit (CAD) to expand to 2.6% of GDP in fiscal 2019 from 1.9% of GDP in fiscal 2018. While imports will continue to face pressure from higher crude oil prices, exports face risks from uneven global economic recovery, and weaker global trade growth because of escalating trade wars.

Rupee to weaken to average 68.5 per dollar by March 2019 from 65 in March 2018 on account of higher CAD, risks to foreign capital inflows from tighter global monetary conditions and any escalation in geopolitical risks. A stronger US dollar to further exert pressure. The current sharp weakness in rupee may not sustain and rupee will trend back to its mean as India still has relatively better macros which should act as pull factors for capital inflows.

Government breached its fiscal deficit target (from 3.2% to 3.5% of GDP) in fiscal 2018 and budgeted a fiscal deficit of 3.3% of GDP for fiscal 2019, implying stretching of the fiscal consolidation path. We believe government will be able to meet its target, some things to watch out for are its GST collections and revenues from spectrum sales.

10 year G-sec yields are expected to settle around 7.9% by March 2019, compared with 7.6% in March 2018. Concerns on fiscal slippage, tepid demand from banks tightening liquidity and risks emanating from rising oil prices and higher inflation, would be some the key factors behind rise in yields.

CRISIL's Projections

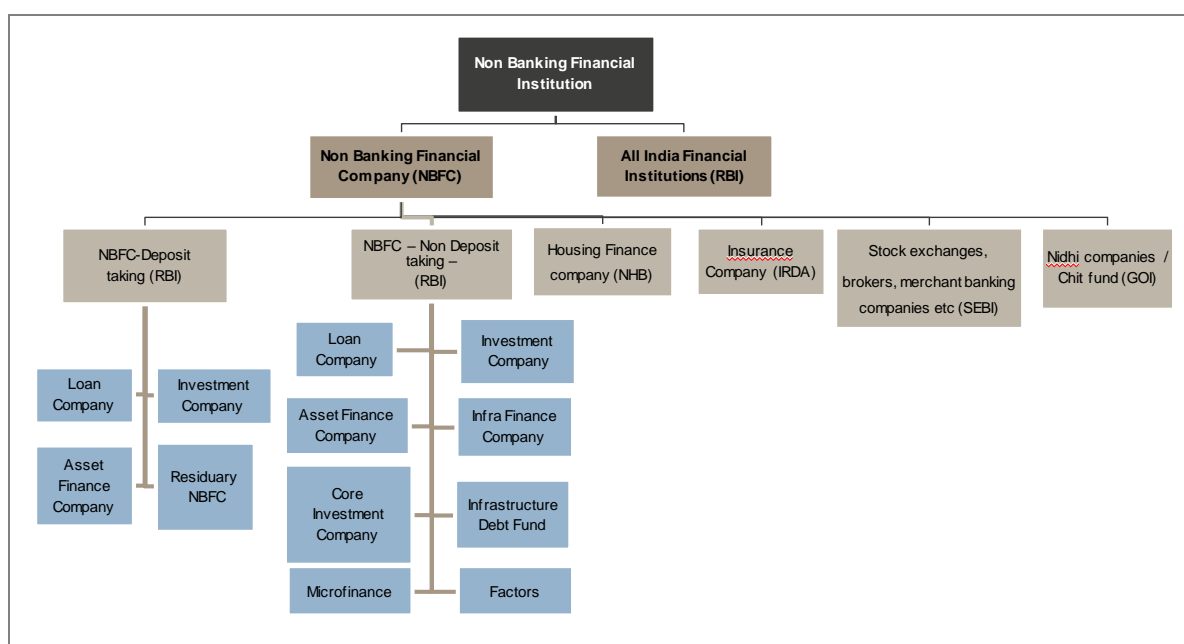
	FY17	FY18	FY19F
GDP	7.1	6.7	7.5
CPI inflation	4.5	3.6	4.8
Fiscal deficit	3.5	3.5	3.3
10 year G-sec yield (% , March)	6.8	7.6	7.9
Current account deficit (% of GDP)	0.7	1.9	2.6
Rs per \$ (March)	65.9	65.0	68.5

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

Non-Banking Financial Institutions' structure in India

Indian financial system includes banks and non-bank financial institutions. Though banking system remains dominant in financial services, non-banking financial institutions have grown in importance by carving a niche for themselves in the under-penetrated regions and unbanked segments.

Structure of Non-banking financial institutions in India



Note: The regulatory authority for the respective institution is indicated within the brackets

All India Financial Institutions includes NABARD, SIDBI, EXIM Bank

Source: RBI, CRISIL Research

NBFCs: an important part of the credit system

Financing needs in India have risen in sync with the notable growth recorded by the economy over the past decade. Non-banking financial companies (NBFCs) have played a major role in meeting this need, complementing banks and other financial institutions.

NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked masses in rural and semi-urban reaches and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion. As of March 2017, they accounted for around 16 to 17% of the overall systemic credit.

Classification of NBFCs

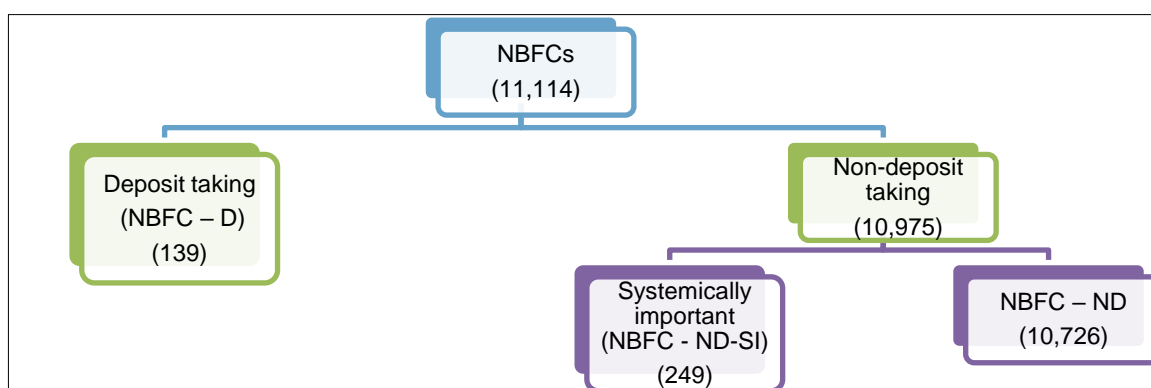
NBFCs have been classified on the basis of kind of liabilities they access, type of activities they pursue and their perceived systemic importance.

Liabilities-based classification

NBFCs are classified on the basis of liabilities in to two broad categories – a) deposit taking and b) non-deposit taking. Deposit taking NBFCs (NBFC – D) are subject to requirements of stricter capital adequacy, liquid assets maintenance, and exposure norms etc.

Further, in 2015, non-deposit taking NBFCs with asset size of Rs 5 billion and above were labelled as ‘systemically important non-deposit taking NBFCs’ (NBFC – ND – SI) and separate prudential regulations were made applicable to them.

Classification of NBFCs based on liabilities



Note: Figures in brackets represent number of entities registered with RBI as of 31st May 2018.

Source: RBI, CRISIL Research

Activity based classification

I. Asset Finance Company (AFC)

Asset finance company (AFC) is a financial institution carrying on as its principal business, financing of physical assets supporting productive/economic activity such as automobiles, tractors, lathe machines, generator sets, earth-moving and material-handling equipment, and general purpose industrial machines. An AFC’s principal business is financing physical assets to support economic activity; income arising therefrom is not less than 60% of its total income. Its assets from financing physical assets amount to not less than 60% of its total assets.

II. Investment Company (IC) :

Investment Company is a financial institution carrying on acquisition of securities as its principal business.

III. Loan Company (LC):

Loan Company means a financial institution carrying on as its principal business, providing of finance, whether by making loans or advances or otherwise for any activity other than its own -- does not include an AFC.

IV. Infrastructure Finance Company (IFC) :

Infrastructure finance company (IFC) is a non-banking finance company, which deploys at least 75% of its total assets in infrastructure loans, and has minimum net owned funds of Rs 300 crore, minimum credit rating of ‘A’ or equivalent and 15% CRAR.

V. Systemically Important Core Investment Company (CIC-ND-SI)

CIC-ND-SI is an NBFC in the business of acquisition of shares and securities and satisfying following conditions:

- Holds not less than 90% of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies.
- Investments in equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitute not less than 60% of its total assets.
- Does not trade in its investments in shares, debt or loans in group companies except through block sale for dilution or disinvestment.
- Does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of RBI Act, 1934, except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- Asset size is Rs 500 crore or above.
- Accepts public funds.

VI. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC)

IDF-NBFC is a company registered as NBFC to facilitate flow of long-term debt into infrastructure projects. IDF-NBFC raises resources through issue of rupee or dollar-denominated bonds of minimum five-year maturity. Only IFCs can sponsor IDF-NBFCs.

VII. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI)

NBFC-MFI is a non-deposit-taking NBFC with not less than 85% of its assets in the nature of qualifying assets, which satisfy the following criteria:

- NBFC-MFI can disburse loans to borrowers with rural household annual income not exceeding Rs. 100,000 or with urban and semi-urban household income not exceeding Rs. 1,60,000.
- Loan amount does not exceed Rs 50,000 in the first cycle and Rs 1,00,000 in subsequent cycles.
- Total indebtedness of the borrower does not exceed Rs 1,00,000.
- Loan tenure to not be less than 24 months for loan amount in excess of Rs 15,000 with prepayment without penalty
- Loan to be extended without collateral
- Aggregate amount of loans, given for income generation, is not less than 50% of total loans given by MFIs.
- Loan is repayable on weekly, fortnightly or monthly instalments as per borrower's choice.

VIII. Non-Banking Financial Company – Factors (NBFC-Factors)

NBFC-Factor is a non-deposit-taking NBFC engaged in the principal business of factoring. Financial assets in the factoring business should constitute at least 50% of its total assets and income derived from factoring business should not be less than 50% of its gross income.

IX. Mortgage Guarantee Companies (MGC)

MGC are financial institutions for which at least 90 per cent of the business turnover is mortgage guarantee business or at least 90 per cent of the gross income is from mortgage guarantee business and net owned fund is ₹ 100 crore.

X. NBFC- Non-Operative Financial Holding Company (NOFHC)

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

Key regulations pertaining to NBFCs

Given the importance of NBFCs in financial system especially by accessing public funds and inter-connectedness with banking, they are subject to prudential regulations by the Reserve Bank of India (RBI) as given below.

Regulatory distinction between banks and NBFCs

		NBFC - ND - SI	NBFC - D	Banks^ (Basel - III)
Minimum net owned funds		Rs 20 million	Rs 20 million	N.A
Capital adequacy		15.0%	15.0%	9.0%
Tier – I Capital		10%	10%	7.0%
GNPA recognition		90 days	90 days	90 days
Cash Reserve Ratio (CRR)		n.a	n.a	4.0%
Statutory liquidity ratio (SLR)		n.a	15.0%	19.5%
Priority sector		n.a.	n.a.	40% of advances
SARFAESI eligibility		Yes*	Yes*	Yes
Exposure norms		Single borrower: 15% (+10% for IFC) Group of borrowers: 25% (+15% for IFC)	Single borrower: 15% Group of borrowers: 25%	Single borrower: 15% (+5% for infrastructure projects) Group of borrowers: 40% (+10% for infrastructure projects)
Standard asset provisioning	Mar-18	0.40%	0.40%	0.40%
<i>Note: N.A: not applicable</i>				
<i>Min. net owned funds for NBFC-MFI and NBFC -Factors is Rs 50 million, while for IFC it is Rs 300 crore</i>				
<i>#currently 10% for Infrastructure finance companies and proposed to be increased to 10% for all NBFCs except - gold loan NBFCs who will have to maintain 12%</i>				
<i>^Under phase-wise implementation of Basel III by March 2019; numbers are excluding capital conservation buffer of 2.5%</i>				
<i>*Union budget 2015-16 allowed NBFCs to use SARFAESI Act, NBFCs with asset base of ₹500 crore or above, in respect of loans ₹1 crore or above</i>				
Source: RBI, CRISIL Research				

Gold loan Industry

Gold loan is one of the most reliable credit sources for rural customers

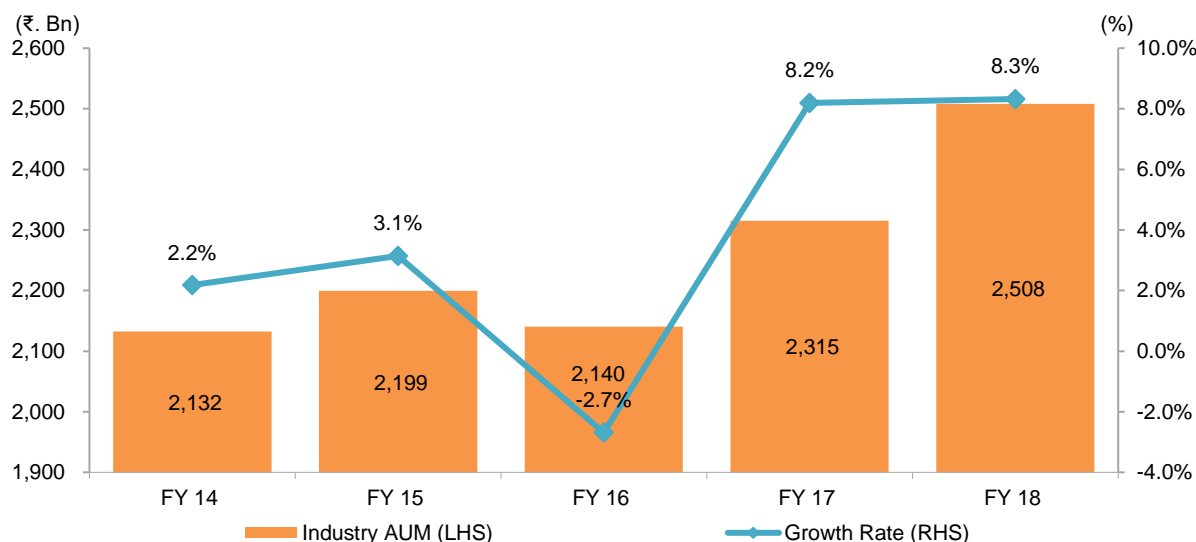
Gold is synonymous with prosperity in India, and its possession, considered a certain hedge against inflation. People of all classes buy gold in form of jewelry, gold coins and bars during good times or on auspicious occasions. Due to this sentimental value is associated with gold and people are very averse to the idea of selling their gold possessions. They pledge them to local money lenders or pawn brokers in times of need, or to tide over financial crises, such as crop failure and medical exigencies. High liquidity of gold makes it a readily acceptable collateral. Most of the gold in India is held by people in rural areas. 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. Unlike microfinance institution loans, gold loans can be availed for just about any reason: medical expenses, education, repair of household assets etc.

Industry growth healthy in FY18 majorly driven by banks

Industry AUM grew at a CAGR of 10% from FY12 to FY15 based primarily on healthy growth of banks in the gold loan segment despite NBFC's growth slowed down and competitive positioning weakening due to withdrawal of eligibility for NBFCs under Priority Sector Lending, RBI putting a ceiling on Loan to Value (LTV) ratio, that could be given out by NBFCs, at 60% as against 75% for Banks and RBI stipulating norms for conducting gold loan auctions. From FY15 to FY16, however, Industry witnessed a decline from Rs. 2199 billion to Rs. 2140 billion based on continuous decline in the gold prices, which in turn, led to increasing defaults. The situation, however, improved post FY16 as AUM increased at a rate of 8.2% from Rs. 2140 billion to Rs. 2508 billion in FY18 due to gold prices increasing by 12% from Rs. 2655/gram in FY16 to Rs. 2,930/gram in FY18 (This growth in prices was aided by good monsoon and macroeconomic turmoil with respect to the US-North Korea conflict) and NBFCs focus on improving the business per branch as they diversified their regional concentration, undertook aggressive marketing and witnessed strong growth from non-southern regions (Their AUM increased from Rs. 530 billion in FY16 to Rs. 640 billion in FY18).

Going forward, we expect the industry AUM to grow to over Rs. 2700 billion by FY20 driven by stable gold prices, increase in geographical penetration, and flexibility offered by the players in terms of interest rates and loan tenure

Growth in gold loan AUMs of organized lenders



Note: Includes agriculture lending by banks with gold as collateral

Source: Company reports, CRISIL Research

NBFC AUM expected to cross Rs. 750 billion by FY20

NBFCs witnessed decline in AUM from FY12 to FY14 as RBI put in regulations that curbed the performance of the NBFCs. These included putting a cap on the Loan-to-Value (LTV) ratio at 60% which provided banks with the competitive edge (their LTV cap stood at 75%). However, as the permissible LTV ratio cap was increased to 75% by RBI in FY14, NBFCs found themselves playing a level field vis-à-vis the banks and this, along with their flexible loan offerings and quicker disbursement time, helped them in growing their AUM from Rs. 467 billion in FY14 to Rs. 530 billion in FY16. The AUM further grew by an impressive 10% over the next two years to Rs. 640 billion in FY18 from Rs. 530 billion in FY16 driven by gold loan NBFCs moving into non-southern Indian territories and hence, achieving relatively higher growth based on lower penetration (For instance, the two largest players in the domain increased their presence in eastern parts of the country as denoted by a 12% and a 10% growth respectively in the number of branches as compared to negative rates for branches in southern India) along with rise in gold prices and higher marketing expenditure undertaken by the players in order to improve awareness regarding the product and build brand identity. Currently, southern India accounts for more than 40% of the regional demand. As these markets saturate, diversification into regional geographies and untapped markets would be the key to AUM growth. Also, players' marketing initiatives to raise awareness against heavy interest rates charged by the unorganised players (25-50% in some cases) especially in rural parts to further aid growth. At the same time, players' ability to leverage technology and improve their online gold disbursements could turn out to be the game changer. Along with these drivers, a favourable economic scenario will further drive up the funding needs of small businesses, and hence, improve demand for gold loans. Based on these growth drivers, we expect Gold Loan NBFC's AUM to grow at a CAGR of 9% from Rs. 640 billion in FY18 to Rs. 760 billion in FY20.

Specialised gold loan NBFCs have carved a niche space for themselves

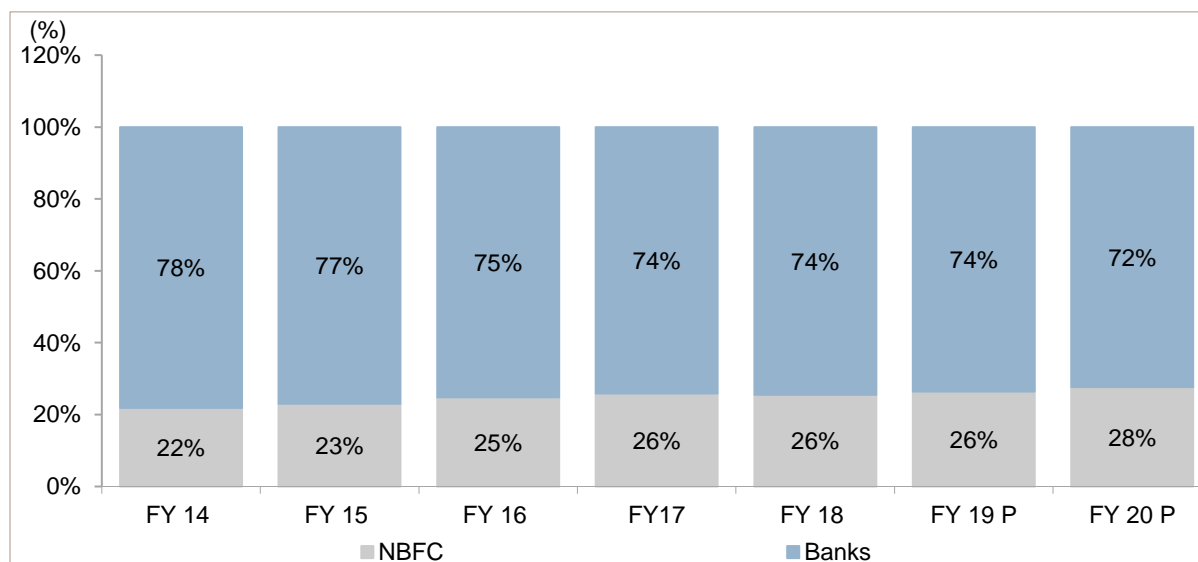
Specialised gold loan NBFCs have witnessed exceptional growth amongst organised players. This growth is driven by aggressive expansion of branches, heavy spend on marketing and rapid acquisition of customers. NBFCs and banks approach the gold loan market differently, reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have, accordingly, built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers. Some of their advantages are:

- Less documentation enabling faster turnaround
- Adequate systems to ensure quick disbursements. For example, NBFCs have dedicated personnel to value the gold jewels at the branches.
- Flexible repayment options, wherein the borrower can pay both the interest and principal at closure of the loan.

- Greater accessibility due to better penetration, ability to serve non-bankable customers.

Single product focus on gold loans enabling them to develop strong appraisal and valuation expertise, resulting in faster and better customer service. Banks, on the other hand, have a more vigilant approach. They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans. Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursements. It is only a few south-based banks - Indian Overseas Bank, Indian Bank and South Indian Bank - which have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans. For the above discussed reasons, NBFCs are preferred by customers over banks, and specialised NBFCs enjoy higher profitability. However, competitive intensity for specialised gold loan NBFCs have increased with increased retail focus of banks.

Movement in market share of NBFCs vis-a-vis banks



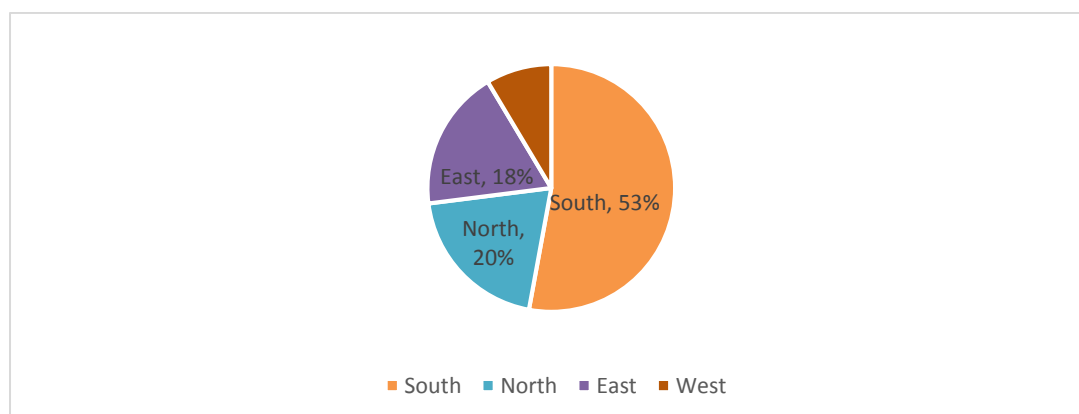
Note: Includes agriculture lending by banks with gold as collateral

Source: Company reports, CRISIL Research estimates

South-based NBFCs dominate the gold loan NBFC market

Going forward, though the South will continue to dominate, other underpenetrated regions in northern and western India are likely to emerge as growth centres. This will be aided by changing consumer perception about gold loans as awareness about gold loans increases in the underpenetrated regions and rising funding requirements.

Region-wise AUM split for Gold Loan NBFCs



Notes: 1. Aggregate includes region-wise AUM split of Muthoot Finance, and Manappuram Finance

2. Shares are based on AUMs as of FY18

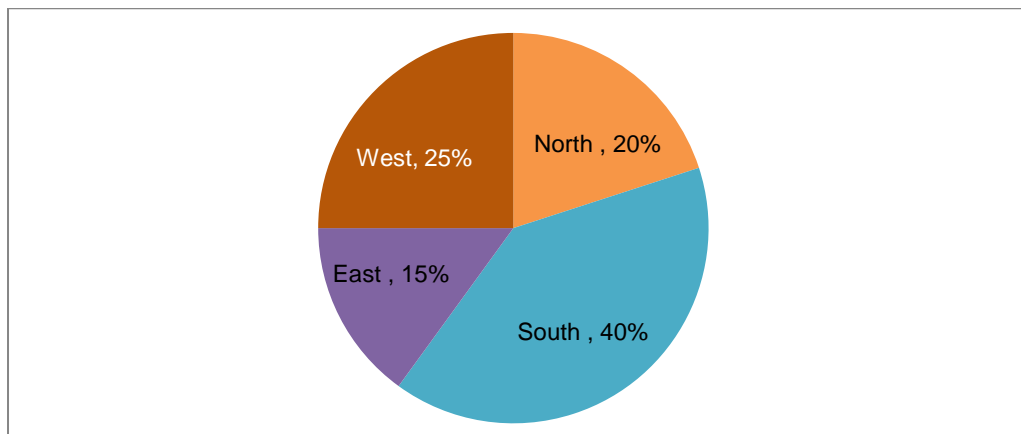
Source: CRISIL Research

Regional gold demand

Moreover, holders in the south are more open to pledging gold to raise funds than those in other regions. Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, and Pondicherry together accounted for ~ 61% of AUMs of top four gold loan NBFCs as of March 31, 2018. Although attempts by NBFCs to expand into certain pockets of northern and western India have lowered the share of southern markets, the South still remains a stronghold.

However, NBFCs will still have to contend with public sentiment against pledging gold and the distrust for financiers, as they look to expand beyond the south.

Regional gold demand

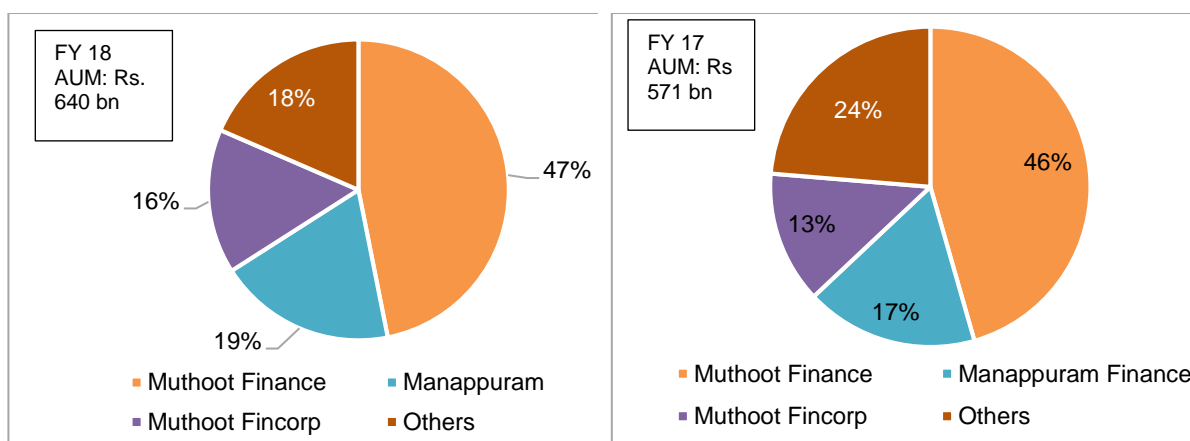


Source: CRISIL Research, World Gold Council report: 'India's gold market: evolution and innovation' January 2017

South-based NBFCs command major market share

India's top three gold loan NBFCs are based in the south and control ~79% of the market (in terms of AUMs), as of March 31, 2018. They have managed to retain their market share through the years based on continuous customer focus. This is an obvious consequence of a more evolved gold loan market in the region.

Player-wise share of gold loans based on AUMs (NBFCs)



Note: Others include India Infoline (IIFL), Shriram City Union Finance, Muthoot Mini and other smaller NBFCs, as of 31st March 2018.

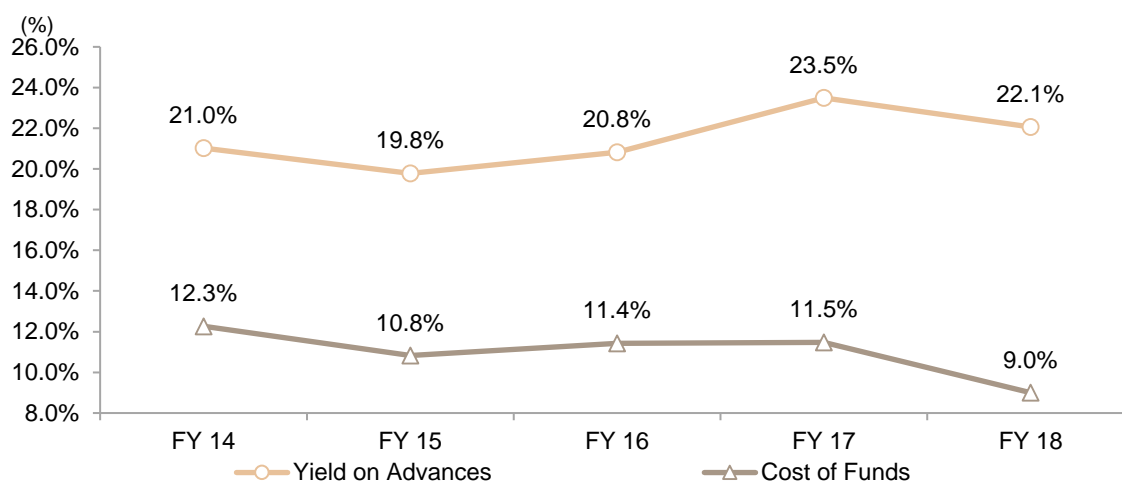
Source: Company reports, CRISIL Research

Demand for gold is skewed towards the southern states, as households here account for the largest share of accumulated gold stock in the form of ornaments, coins, bars, etc.

Profitability improved in fiscal 2018, industry to perform well in medium term

There has been significant bounce back in the profitability after a tighter regulatory phase. Cost of borrowings have witnessed decline in FY18 due to lower rates being charged by the lenders. Benefits received regarding lower costs of borrowing have been transferred to customers through subsequent reduction in the interest rates charged by the lenders. Operating costs have been increasing continuously due to rising employee expenditures along with expansion initiatives and increasing marketing expenditure. Credit costs have been increasing on the back of increasing provisions made by the players to adapt to the new 90 days-past-due regime as compared to the 120 days-past-due regime previously. RoA have witnessed significant improvement due to stable gold prices, increasing awareness initiatives and expansion of branches across geographies. Going forward, RoA is expected to decline as customers and players adapt themselves to regulatory changes and new business strategies.

Spreads for gold loan companies improved in FY18



Aggregate includes Muthoot Finance and Manappuram Finance

Source: Company reports, CRISIL Research

Between FY16 and FY18, there has been significant decline in the cost of borrowings as players shifted onto alternative sources of funding namely Commercial Papers which allowed them to raise funds at cheaper rates compared to those offered by banks. However, after successive interest rate hikes, we expect the gross spread ie, difference between yield received on advances, and interest cost paid on borrowings, to shrink as costs are not expected to be passed onto the consumer. Operating expenses per branch are expected to increase further as NBFCs expand their geographical presence and tap into non-southern regions. Other incomes including commissions, dividends are expected to come down in the next 2 fiscals as increase in FY18 was mainly on account of bad debts recovery. Credit costs are expected to reduce in the coming fiscals as players adjust to the new 90 days past due regime for provisioning.

Profitability of gold loan NBFCs

Particulars	FY 14	FY 15	FY 16	FY17	FY 18
Net Interest Income	8.5%	8.7%	10.2%	13.0%	13.8%
Operating expenses	4.5%	4.9%	5.1%	5.2%	5.4%
Other income	0.2%	0.2%	0.2%	0.3%	0.5%
Credit costs	0.2%	0.2%	0.6%	0.9%	1.0%
Tax	1.4%	1.3%	1.8%	2.7%	2.9%
RoA	2.6%	2.5%	2.9%	4.5%	5.1%

Note: Profitability is based on Assets; Aggregate includes Muthoot Finance and Manappuram Finance

Source: Company reports, CRISIL Research

Asset quality is expected to remain stable with low volatility expected in gold prices in near term

Players are focusing on de-risking their business models from volatility in gold prices by tightening interest collections (regular interest collections versus bullet system in the past), which will improve asset quality. GNPA's spiked in FY18 as RBI changed NPA recognition norms for NBFCs and most players started to make provisions for the current fiscal itself. However, it shouldn't be a cause of 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 the principal. Even then, NPA numbers appear in the financials because although NBFCs have physical gold as collateral which can be auctioned, the RBI mandates that post 90 days of default, NBFCs must categorise the assets as NPAs. Also, some customers approach the judiciary with an intention to stall or postpone the gold loan auction so that they get some extra time to repay the loan. NBFCs have to be cautious regarding auctioning off the assets of customers, since auction of gold affects the relationship with the customer, and the NBFC may lose the customer in the future. Acquiring a new customer is costlier than retaining an old one. Asset quality is expected to remain stable in the near term forecast, based on these stable environmental conditions, as players seek to retain their customer base by offering extended period to allow the repayment of loans and return of collateral.

OUR BUSINESS

In this section, any reference to “we”, “us” or “our” refers to Kosamattam Finance Limited. Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Prospectus.

The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the chapter titled “Risk Factors” and “Industry Overview” beginning on pages 12 and 57.

We are a systemically important non-deposit taking NBFC primarily engaged in the Gold Loan business, lending money against the pledge of household jewellery (“**Gold Loans**”) in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana along with the Union Territory of Puducherry. Our Gold Loan portfolio as of and for the six-month period ended September 30, 2018 and for the financial years ending on March 31, 2018, March 31, 2017 and March 2016 comprised of 6,83,305, 6,47,779, 5,57,478 and 4,79,540 gold loan accounts, aggregating to ₹2,12,136.39 lakhs, ₹2,05,050.99 lakhs, ₹1,73,040.27 lakhs and ₹1,31,224.42 lakhs, respectively, which is 91.79%, 91.56%, 90.03% and 89.12% of our total loans portfolio as on those dates. As on September 30, 2018, we had a network of 948 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana along with the Union Territory of Puducherry and we employ 3,299 persons in our business operations. We belong to the Kosamattam Group led by Mathew K. Cherian. We are headquartered in Kottayam in the state of Kerala.

We are registered with RBI as a systemically important, non-deposit taking NBFC (Registration No. B-16.00117 dated December 19, 2013) under Section 45 IA of the RBI Act. Further we also have a Full-Fledged Money Changers (“**FFMC**”) license bearing number FE.CHN.FFMC.40/2006 which is valid up to February 20, 2020.

The Kosamattam group was originally founded by Chacko Varkey (also known as Nasrani Varkey). His great grandson, Mathew K. Cherian, the present Chairman and Managing Director of Kosamattam Group is a fourth-generation entrepreneur in the family. Under his able leadership, our Company is emerging as a prominent Gold Loan business company with 948 branches, as on September 30, 2018, largely spread across southern India.

Gold Loan is the most significant product in the product portfolio of our Company. Our Gold Loan customers are typically businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us under our various gold loan schemes. These Gold Loan schemes are designed such that higher per gram rates are offered at higher interests and vice versa, subject to applicable laws. This enables our customers to choose the Gold Loan scheme best suited to their requirements. These Gold Loan schemes are revised by us, from time to time based on the rates of gold, the market conditions and regulatory requirements. Our Gold Loans are sanctioned for tenure of maximum nine months, with an option to our customers to foreclose the Gold Loan. Our average Gold Loan amount outstanding was ₹31,046, ₹31,654, ₹31,040 and ₹27,364 per loan account, as of and for the six-month period ended September 30, 2018 and for the financial years ended on March 31, 2018, March 31, 2017 and March 31, 2016, respectively. For financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, our yield on Gold Loan assets were 20.97%, 21.13% and 26.35%, respectively.

In addition to the core business of Gold Loan, we also offer fee based ancillary services which includes microfinance, money transfer services, foreign currency exchange, power generation, agriculture and air ticketing services.

For the six-month period ended September 30, 2018 and the financial years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 our total income was ₹22,039.14 lakhs, ₹43,060.86 lakhs, ₹35,225.23 lakhs, ₹34,569.97 lakhs, ₹25,754.43 lakhs and ₹26,186.8 lakhs, respectively. Our profit after tax the as of and for the six-month period ended September 30, 2018 and for the financial years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 was ₹1,092.60 lakhs, ₹3,081.61 lakhs, ₹1,568.28 lakhs, ₹1,122.88 lakhs, ₹528.15 lakhs and ₹2,644.64 lakhs, respectively. For as the six-month period ended September 30, 2018 and the financial years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 revenues from our Gold Loan business constituted 91.06%, 92.07%, 91.25%, 93.34%, 96.43% and 96.67%, of our total income for the respective year.

A summary of our key operational and financial parameters for the last three completed financial years are as given below:

(in ₹ lakhs)

Parameters	For the six-month period ended September 30, 2018	Financial Year		
		2018	2017	2016
Net worth	34,835.04	33,523.02	27,441.42	23,098.13
Total Debt	2,47,496.51	2,21,736.33	1,88,196.49	1,56,389.33
<i>of which</i>				
- Non-Current Maturities of Long Term Borrowing	1,26,095.34	1,18,207.88	1,09,302.14	98,410.15
- Short Term Borrowing	46,362.85	51,367.84	23,942.55	14,231.14
- Current Maturities of Long Term Borrowing	75,038.32	52,160.61	54,951.80	43,748.04
Net Fixed Assets	12,642.68	11,631.34	11,735.07	12,021.89
Non-Current Assets	25,932.66	23,006.84	30,301.31	24,610.38
Cash and Cash Equivalents	33,583.81	17,151.25	9,045.86	8,812.73
Current Investments	-	-	-	-
Current Assets	2,83,325.27	2,57,266.72	2,05,799.28	1,70,201.08
Current Liabilities	1,37,795.51	1,16,637.24	88,446.34	63,861.22
Assets Under Management	2,54,312.61	2,45,588.93	2,12,237.13	1,71,354.53
<i>Off Balance Sheet Assets</i>				
Contingent Liabilities	5,356.70	5,222.26	3,895.26	2,722.91
Interest Income	21,320.70	42,117.57	34,717.06	33,994.24
Interest Expense	13,931.73	26,143.23	21,927.67	22,350.15
Provisioning & Write-offs	250.46	534.28	443.07	215.27
PAT	1,092.61	3,081.60	1,568.28	1,122.88
Gross NPA (%)	1.02%	0.98%	0.57%	0.45%
Net NPA (%)	0.55%	0.59%	0.27%	0.20%
Tier I Capital Adequacy Ratio (%)	12.82%	12.82%	12.22%	12.67%
Tier II Capital Adequacy Ratio (%)	4.78%	4.30%	4.46%	5.64%

Debt Equity Ratio

For details of the debt-equity ratio of our Company, see “*Capital Structure*” beginning on page 39 of this Prospectus.

Our Strengths

We are part of the Kosamattam Group which has a long operating history and a large customer base.

The Kosamattam Group was originally founded by Chacko Varkey. Over the years, we have been successful in expanding our customer base. Our total number of Gold Loan customers grew from 4,05,023 as of March 31, 2017, to 4,10,867 as of March 31, 2018, and to 4,12,969 customers as of September 30, 2018. We attribute our growth, in part, to our market penetration, particularly in areas less served by organised lending institutions and the efficient and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which makes us a preferred medium of financier 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 to avail credit facility when they are in need of funds.

Branch network across rural and semi-urban areas in South India

We have rapidly expanded our branch network in the past, which we believe has provided us with an advantage of a wider reach. Our total number of branches grew from 939 branches in eight states and one union territory as on September 30, 2015 to 948 branches, as on September 30, 2018, in eight states and one union territory. Although we have historically had most of our branches in the southern states of India, we have expanded our branch network by opening twelve branches in Delhi, nine branches in Gujarat and seven branches in Maharashtra. Our customers are typically retail customers, businessmen, vendors, traders, farmers, salaried individuals and families, who for

reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us. We believe that with such a large network, we were able to penetrate and cater to our customers across various cities and towns in south India especially in semi-urban locations. Having such a network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers especially potential rural customers. We believe we can leverage on this existing network for further expansion and for fulfilling our customer requirements.

Organised and efficient IT Infrastructure

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. All our branches are computerised. We believe that through our existing information technology systems, we are able to effectively, manage our operations, market to our target customers, and monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to comply with regulatory record-keeping and reporting requirements. Further, in order to manage our expanding operations as well as our increased customer base, we have entered into an arrangement for the development of software for our product offerings and other allied functions. Accordingly, the new software was introduced for operational efficiency.

Further, our Company has entered into an agreement dated September 15, 2016, with PayU Payments Private Limited (“PayU”), a payment gateway, with a view to provide our customers with a convenient option of online payments through the internet or through the interactive voice responsive (‘IVR’) system provided by PayU, using credit/debit cards, net banking and various other modes of payment options.

Effective risk management system including appraisal, internal audit and inspections.

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 system is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We have an internal audit system which consists of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and gold appraisal. In accordance with our internal audit policy, all of our branches are subject to surprise gold audit every month and accounts audit once in very four months. Further the staffs are strictly advised to make the acid test, sound test etc., at the time of making the pledge for checking whether the ornament is of acceptable quality or not.

Experienced management team and skilled personnel

Our Company is a professionally managed NBFC. Our management team comprises of our Promoter Director, Mathew K Cherian, who has over 40 years of experience in finance business. The management team possesses the required skill, expertise and vision to continue and to expand the business of our Company. Our management team has an in-depth understanding of the gold loan business and under their direction and guidance our Company has grown organically.

Our Strategy

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

Expansion of business activity by opening new branches in rural and semi urban areas to tap potential market for gold loans

We intend to continue to grow our loan portfolio by expanding our branch network by opening new branches. A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch network. Currently, we are present in key locations which are predominantly in South India for sourcing business. Our strategy for branch expansion includes further strengthening our presence in south Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India. At the core of 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. A typical Gold Loan customer expects high loan-to-value ratios, rapid and accurate appraisals, easy access, quick approval and disbursement and

safekeeping of their pledged gold jewellery. We believe that we meet these criteria when compared to other unregulated money lenders, and thus our focus is to expand our Gold Loan business.

Expansion of business into metros and select Tier 1 cities across India

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

Increase visibility of Kosamattam Brand to attract new customers

Our brand is key to the growth of our business. We started focusing on brand building exercise in 2013. Our logo was re-designed and the tag- line ‘Trust grows with time’ was introduced. We believe that we have built a recognisable brand in the rural and semi-urban markets of India, particularly in the southern states of Kerala, Tamil Nadu and Karnataka. We intend to continue to build our brand through advertisements and public relations campaigns and undertaking other marketing efforts on radio, television and outdoor advertising.

Diversifying into new business initiatives by leveraging our branch network and customer base.

Gold loan as on September 30, 2018 accounted for 91.79% of total loans portfolio of our Company. To reduce the risk of revenue volatility and with a view to expand our fee based income, we are in the process of diversifying our business to venture into the business of generators and distributors of electricity by using wind and/or other renewable energy. Further, we have received a license dated May 28, 2014 from SEBI to become a depository participant. Also, we have recently ventured into microfinancing business, by providing small ticket unsecured loans to our customers. Our Company intends to capitalise the large branch network to offer the additional products and services.

Minimise concentration risk by diversifying the product portfolio and expanding our customer base.

We intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products and services.

Beyond our existing Gold Loan product, we intend to leverage our brand and office network, develop complementary business lines and become the preferred provider of financial products – ‘a one-stop shop for customers’ financial needs. We have recently forayed into SME financing and mortgage loans.

Our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations.

We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well. We expect that our knowledge of local markets will allow us to diversify into products desired by our customers, differentiating us from our competitors.

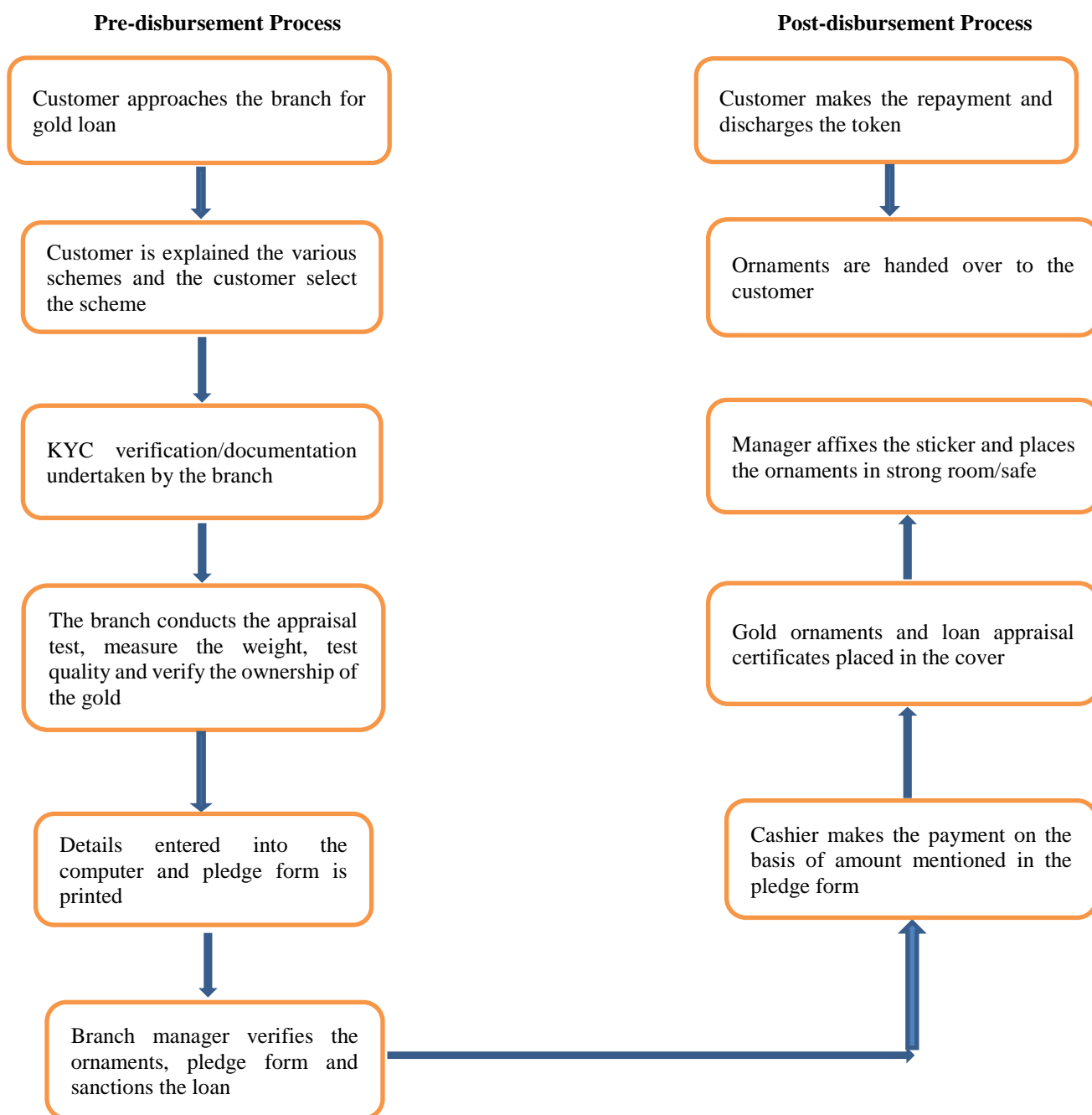
Further strengthen our risk management, loan appraisal and technology systems

We believe risk management is a crucial element for further expansion of our Gold Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. We plan to continue to adapt our risk management procedures, to take account of trends we have identified. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing business without significantly increasing our non-performing assets. Since we plan to expand our geographic reach as well as our scale of operations, we intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business.

GOLD LOAN BUSINESS

Our lending business is primarily Gold Loans, which are typically loans against pledge of gold jewellery. As of September 30, 2018, we had approximately 6,83,305 loan accounts, representing an aggregate principal balance of ₹2,12,136.39 lakhs. For the six-month period ended September 30, 2018 and for the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, our Gold Loan portfolio yield representing interest income on gold loans as a percentage of average outstanding of Gold Loans, for the same period were 20.39%, 20.97%, 21.12% and 26.35% respectively, per annum. In the six-month period ended September 30, 2018 and in the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, income from interest earned on our Gold Loans constituted 91.06%, 92.07%, 91.25% and 93.34%, of our total income for the respective years. We offer variety of Gold Loan schemes to our customers to suit their individual needs. The schemes differ in relation to the amount advanced per gram of gold, interest rate chargeable and amount of loan.

Gold Loan disbursement process



The principal form of security that we accept is household gold jewellery. We do not accept bullion, gold biscuits, gold bars, new mass-produced gold jewellery or medallions. 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:

- a. 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.
- b. 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.
- c. 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 corporate policies and guidelines. As per the policy, we grant gold loans on 22 Carat gold ornaments. However, in case the jewels that are being pledged are less than 22 carats, the branches are required to convert the carat of gold jewels to the equivalent of 22 carats. Under no-circumstances are gold ornaments below 19 carats accepted by our Company. The rates per gram is fixed by us on weekly intervals. 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 collateralised because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed. The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. 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 Corporate 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.

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

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 process

Gold Loan appraisal of a customer involves the following steps

(a) Customer identification

Gold Loans are sanctioned only to genuine borrowers. Before sanctioning the Gold Loan, the branch manager should take all precautions to ensure that the applicant, pledging the ornaments, is the owner of those ornaments and that the borrower is genuine. The branch manager should obtain ID proof and photograph of the borrower and assign a branch KYC ID No. and should also make reasonable enquiry about the residence, job, personal details, ownership of the ornaments etc. and make a note in the pledge form. We also undertake a field verification to authenticate the genuineness of the borrower in case of high value Gold Loans.

(b) KYC Documentation

The borrower should produce government issued valid photo id, with an address which is within the designated area of the branch, as a necessary proof for KYC documentation. While processing the application, the branch ensures that the correct postal address of the borrower is entered in the computer such as name, door number, street name, name of post office, place, PIN code and the nearest land mark. Also, the borrower's telephone number is obtained. The branch also calls on the number furnished by the borrower every month, and reminds the borrower to remit the requisite interest, so that branch can know the telephone number is operational. Further if the telephone number of the borrower is not operational then the branch immediately contacts the borrower personally and obtains his new telephone number.

(c) Security appraisal

The branch manager/joint custodian and the branch staff shall appraise the gold ornaments thoroughly. Stone weight should be deducted correctly in consultation with the branch manager and staff. Low purity and spurious items should be detected and not to be accepted as pledge. Appraisal is to be done by all members at the branch and the ornament shall be accepted only if all the branch staff approve. Neither the branch manager nor the joint custodian or any staff has the authority to accept a pledge on the basis of his/her own assessment of the ornaments. It is strictly a group task and all the branch staff are equally responsible in the process. After pledging gold ornaments, the same should be packed immediately. The manager and joint custodian should sign across the packet and affix the branch sticker on the cover and keep it in the safe. The safe is to be locked by all the custodians together.

(d) Documentation

For each pledge of the gold, branch appraisal certificate, application for personal loan, customer's token etc., are adequately documented and all the details pertaining to the gold, including the weight and items pledged are to be mentioned.

Post-disbursement process

The period/tenure for a Gold Loans typically varies from six-months to 12 months. Timely interest collection and closing of accounts within the specified period is vital for the successful and smooth functioning of gold loan companies like that of ours. To ensure this, the branches regularly follow up with their gold loan customers through notices served at three months (ordinary notice), six-months (registered notice), and nine months (registered notice with acknowledgement due) as well as personal contacts directly and over the phone.

Branch security and safety measures: Electronic Security System

Branches are normally equipped with security devices (alarms) which automatically alert the branch manager, regional manager as well as the nearest police station in the event of any theft attempts. The gold pledged as security is insured with an insurance company. Our Company makes periodic analysis and revises the insurance policy as per the value/quantity of the gold.

Release of pledge

Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. The customer must 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.

Our Other Business initiatives

In addition to the core business of Gold Loan, we also offer fee based ancillary services which among others include loan against property, money transfer services, depository participant services, power generation, agriculture, foreign currency exchange and air ticketing services.

For the six-month period ended September 30, 2018 and for the financial years ended March 31, 2018, March 31,

2017 and March 31, 2016, revenues from our business other than Gold Loans constituted 8.94%, 7.93%, 8.75% and 6.66%, of our total income for the respective years.

LOAN AGAINST PROPERTY

Our Company along with its primary business of offering gold loans also engages in offering loans against property which includes loans against collateral of residential/commercial property and comprised 7.54% of our loan book as on September 30, 2018.

Loan against Property (“**LAP**”) is a loan facility to customers requiring funds for business/personal purposes against mortgage of residential/commercial property. As a part of LAP lease rental discounting is also offered. The funds so raised are utilised for meeting business as well as investment needs.

Customer Evaluation, Credit Appraisal and Disbursement

Our Credit Policies

All loans are sanctioned under the credit policy approved by our Board of Directors. Emphasis is applied on demonstrated past and future assessment of income, repayment capacity and credit history prior to approving any loan. Our Company undertakes periodic update of credit policies based on portfolio performance, product profitability and market and economic development.

Loan Origination

Our Company sources all potential customers through our branches and trained sourcing teams.

Evaluation

Our Company undertakes various credit control checks and field investigations on a prospective customer which inter-alia includes an internal data de-duplication check, CIBIL database check, fraud verification, asset verification and valuation, trade credit reference checks and other legal and technical verification procedures. After having completed our internal verification procedures all documents submitted by the prospective customer are checked and verified as required and any discrepancies and/or gaps in such documentation are highlighted and sent to the prospective customer for corrections, explanations and resubmissions as required.

Our Company conducts various diligence procedures in connection with the collateral/security for such loans which include review and verification of the relevant ownership documents and obtain title reports as applicable. Reports from these checks along with detailed analysis of financial statements, tax challans, bank statements and other documents put together constitute the credit file for all customers. These files are at length reviewed by the credit managers for evaluation using credit evaluation tool. Based on the document review the credit managers conduct personal discussions with the customers at their workplace. The discussion is intended to gather information about the business model of the customer, his positioning in the value chain, dependence of suppliers and/or customers and to ascertain any business risks like export dependence, raw-material supplies, etc. which might adversely impact the business cash flows and hence diminish repayment capacity. Further, additional business documents like stock registers and books of accounts are reviewed during such visits. Based on the all the information gathered, and assessment of customer’s business risks, debt servicing ability and collateral risks, the credit manager puts the transaction proposal to appropriate approving committee in the hierarchy for decision.

Credit Appraisal

Approval and Disbursement Process

Once the credit history, credentials, information and documents have been submitted by the prospective customer and verified to our satisfaction, the applications are approved at the appropriate credit approval level.

There are four progressive levels of approvals which a proposal can be put to which are based on loan product, loan amount and identified risks. All proposals require minimum of two approvals and up to four approvals for larger ticket size loans. With due sanctioning of the loan, we execute agreements in connection with the loan and creation of security in relation thereto, if any, with the customer. Margin money and other charges, if any, are collected prior to loan disbursements. The disbursing officer retains evidence of the applicant’s acceptance of the

terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our concerned officer ensures that a Know Your Customer, (“KYC”), checklist is completed by the applicant. The concerned officer verifies such information provided and includes the records in the relevant loan file. The officer is also required to ensure that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer. The customer is provided with a copy of the loan documents executed by him. Further although our customers have the option of making payments by cash or cheque, we may require the applicant to submit post-dated cheques covering an initial period prior to any loan disbursement.

Loan administration and monitoring

The customer (and guarantor, if any) execute(s) the security creation documents and the loan agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan agreement, which generally sets out periodical repayment terms. Repayments are made in periodical instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the loans disbursed and location of the customer. All recovery of amounts due on loans is managed internally by us. We ensure complete focus on all stages of the collections process. We monitor the completeness of documentation, creation of security etc. through regular visits to the business outlets by our regional as well as head office executives and internal auditors. All customer accounts are reviewed on a regular basis.

Our Company believes that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios and maintain satisfactory asset quality.

MICROFINANCE

Our microfinance operations entail providing micro credit lending to our customers who are predominantly located in rural and semi-urban areas of our targeted geographies in India and the purpose of loans sanctioned to them is mainly for utilisation in small businesses or for other income generating activities but not for personal consumption. Primarily, we utilise a village centred, group lending model to provide unsecured loans to our members. This model relies on a form of ‘social collateral’ and ensures credit discipline through peer support within the group. This model presupposes our members being prudent in conducting their financial affairs and prompt in repaying their outstanding borrowings. As a deterrent, any instance of failure to make timely loan repayments by an individual borrower prevents the other members in the group from making any further borrowings from us, in the future. Therefore, the JLGs tend to employ peer support to encourage the delinquent borrower to make timely repayments or often repay on behalf of a defaulting borrower, effectively providing an informal joint guarantee on the sanctioned loan.

PORTFOLIO MANAGEMENT, COLLECTION AND RECOVERY PROCESSES

Our Company manages the portfolio management and collection processes in-house. We have on-roll collection personnel across branches to ensure timely collection of dues. As part of our collection process we have tele-calling through which calls to all customers are made before the due-dates. In-case of non-payment the team initiates collection calling for dues. We utilise our branch personnel for collection of payment. Further, for effective recovery management, all early delinquent customers are managed by a dedicated team which undertakes methodical customer visits for recovery of dues. In cases where customers are unable to make payments and move to higher delinquency levels, a specified team of collection officers including branch managers, regional managers and other such officials are deployed who manage deep delinquent accounts. In addition to customer visits, this team utilises available legal tools for attachment of properties, for re-payment of dues and legal arbitration proceedings.

INSURANCE AGENCY

With a view to expand our regular fee and commission based income, we finalised a corporate agency agreement with the Life Insurance Corporation of India for marketing their life insurance plans, as a corporate agent, with effect from April 23, 2015. Further, we have entered into a distribution agreement with Religare Health Insurance Company Limited, vide an agreement dated December 21, 2015, to act as a corporate agent for providing health insurance plans to our customers. Under the terms of the agreement we are entitled to a commission and marketing

support fee on sale of health insurance products facilitated by our Company. In furtherance to these objectives our Company had obtained a certificate of registration from the IRDA, dated March 30, 2016 to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999. Additionally, we have also entered into corporate agency agreements with Reliance General Insurance Company Limited, Bajaj Allianz General Insurance Company, Apollo Munich Health Insurance Company Limited, SBI Life Insurance Limited, Bharti AXA General Insurance Company Limited and CIGNA TTK Health Insurance Company Limited, to act as a corporate agent for soliciting or procuring insurance business. Under the terms of these agreements we are entitled to a commission based on performance obligations of our Company.

MONEY TRANSFER BUSINESS

Money transfer to India is a fast, simple and convenient method to transfer money from anywhere in the world. We have entered into agreements with various companies who act as agents/representatives to companies that undertake money transfer services in India (“**Agreements**”). These agents have their country wide network of branches and sub agents in India. For example, we entered into a sub representation agreement with EBIX Money Express Private Limited (“**EBIX**”) to act in the capacity of a sub representative to offer money transfer service on EBIX’s behalf.

Our Company, pursuant to these Agreements, acts as sub agent and provides money transfer service payments through its identified branches to the customers/beneficiaries in full without any deduction as per the transaction. The representatives reimburse to our Company for the total payments effected. Under these Agreements, we are also entitled to receive a commission for the services provided.

Our Board in its meeting dated January 5, 2017 adopted an operational manual for the Money Transfer Service Scheme (“**MTSS**”), in accordance with the guidelines prescribed by the RBI, to set out requirements, rules and guidelines to be followed, by our Company’s branches engaged in the Money Transfer Business.

MONEY CHANGING BUSINESS

Our Company holds a FPMC license and carries on money changing activities through its branches authorised by RBI. As on September 30, 2018, we had one head office and 61 authorised branches. Our currency operations include sale and purchase of foreign exchange at different authorised branches.

DEPOSITORY PARTICIPANT SERVICES

Our Company secured registration from SEBI as a depository participant on May 28, 2014. On receipt of SEBI registration as a depository participant, we have entered into a MoU with a broking company, to conduct and promote brokerage business in equity, commodity and currency segments of national level stock/commodity exchanges as a broker, making use of our select branches/regional offices.

TRAVEL SERVICES

Our Company is an IATA approved agency and provides air ticketing services.

AGRICULTURE

Our Company owns a parcel of agricultural land in Kattappana village, Udumpanchola Taluk, Idukki district, in Kerala admeasuring 108.74 acres, through which our Company undertakes agricultural activity of cultivating cardamom. For the six-month period ended September 30, 2018 and for the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 the agricultural income derived from this undertaking was ₹87.68 lakhs, ₹114.10 lakhs, ₹42.61 lakhs and ₹123.86 lakhs.

POWER GENERATION AND SUPPLY

Our Company has entered into definitive agreements for installation including erection and commissioning of four windmill units at Ramakkalmedu, Idukki district of Kerala. The windmills or wind electric generators shall be connected to the power grid, post testing and commissioning and upon becoming operational shall be used for generation and supply of power on a commercial basis. Our Company has commenced operation of the windmills and has commissioned the project. Our Company has also submitted a tariff petition dated May 16, 2018 before

the Kerala State Electricity Regulatory Commission for fixing of the tariff rate.

Branch Network

As on September 30, 2018, we had 948 branches in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Gujarat and Maharashtra along with the union territory of Puducherry. The branch details of our company for September 30, 2018 and during the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 is as given below:

States/Union territory	As on September 30, 2018	As on March 31		
		2018	2017	2016
Andhra Pradesh	53	46	28	17
Delhi	12	12	11	11
Gujarat	9	5	5	5
Karnataka	125	127	108	102
Kerala	388	365	436	492
Maharashtra	8	6	3	3
Puducherry	6	6	4	5
Tamil Nadu	339	334	318	290
Telangana	8	8	8	10
Total	948	909	921	935

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plan ensures the visibility and reach of our Kosamattam brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. For the six-month period ended September 30, 2018 and for the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, our total advertisement expenditure was ₹726.72 lakhs, ₹847.28 lakhs, ₹447.97 lakhs and ₹1,049.55 lakhs, respectively.

In promoting our brand, our advertisement campaigns focus on “**Kosamattam Gold Loan**”, to differentiate our loan products from other NBFCs and financial institutions and emphasise the convenience, accessibility and expediency of Gold Loans.

Risk Management

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 suitably. We intend to continue to improve our operating processes and risk management systems which will further enhance our ability to manage the risks inherent to our business.

Asset and Liability Management (“ALM”)

Our business operations require steady flow of working capital and hence managing the day to day liquidity becomes a critical function. The ALM, amongst other functions, is concerned with risk management, providing a comprehensive as well as a dynamic framework for measuring, monitoring and managing liquidity and interest rate risk. The ALM function also alters the asset-liability portfolio in order to manage risks. The ALM also monitors interest rate sensitivity in our portfolio and takes pre-emptive steps to mitigate any potential liquidity and interest rate risks.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract with us. We aim to reduce the aforesaid credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy. This risk is diminished

because the gold jewellery used as collateral for our loans can be readily liquidated, and there is only a remote possibility of recovering less than the amounts due to us in light of the 25 % margin retained on the value of the gold jewellery collateral. However, a sustained decrease in the market price of gold can cause a decrease in the size of our loan portfolio and our interest income.

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 certain other external events. We have instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although we disburse loans in a relatively short period of time, we have clearly defined appraisal methods as well as KYC compliance procedures in place to mitigate operational risks. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. We also have detailed guidelines on movement and security measures of cash or gold. We are in the process of introducing centralised software which automates inter branch transactions, enabling branches to be monitored centrally and thus reducing the risk of un-reconciled entries. In addition, we are in the process of installing surveillance cameras across our various branches, and subscribe to insurance to cover employee theft or fraud and burglary. Our internal audit department and our centralised monitoring systems assist in the management of operational risk.

Financial Risk

Our business is cash intensive and requires substantial funds, on an ongoing basis to finance the gold loan portfolio and to grow it. Any disruption in the funding sources might have an adverse effect on our liquidity and financial condition. Our Company is proactively pursuing a system of identifying and accessing newer and cheaper sources of funds, to finance the loan book and to grow the business. Our Asset Liability Committee meets regularly and reviews the liquidity position of our Company and ensures availability of sufficient funding in advance.

Market Risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business. The objective of market risk management is to avoid excessive exposure of our earnings to loss. The majority of our borrowings, and all the loans we make, are at fixed rates of interest. Thus, presently, our interest rate risk is minimal.

Our Risk Management Policy

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes a risk management committee, internal audit department, vigilance department and a risk management department. Our Risk Management Committee, which is led by one of our Directors, oversees our risk management policies, which help us to identify, measure, monitor and mitigate the various risks that we face in our businesses.

Internal Audit Department

Our internal audit department assists in the management of operational risk using our centralised monitoring systems. Separate divisions of our internal audit department are in place to handle the audit of the departments of the corporate office and those of the branch offices. The audits of our branches are divided into two categories: (i) Audit and (ii) Inspection. Branch audit is carried out quarterly with the focus on the verification of documents, accounts, performance and compliance. In addition, an incremental high value loan check is carried out by regional managers as part of their periodical branch inspection.

Vigilance Department

We have an internal vigilance department for undertaking surprise inspections of high/medium risk branches and other branches or on the basis of any report or detection of serious deviations or irregularities. The vigilance undertakes the responsibility of visiting branches to oversee the implementation of risk mitigation initiatives and improvements in customer service.

Risk Management Audit

Our branch auditors also carry out a system driven risk audit on certain identified key risk parameters. These are

keyed into the system and alerts are sent to branch controllers and top management in case the risk weight given under a specific parameter goes beyond the prefixed tolerance levels. In all such cases, the concerned branches are inspected by the branch controllers or top management personnel depending on the severity of risk and immediate remedial actions are initiated.

ALM Organisation

The Asset - Liability Committee (ALCO) is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of our Company (on the assets and liabilities sides) in line with our Company's budget and decided risk management objectives.

The business and risk management strategy of our Company will ensure that our Company operates within the limits/parameters set by the Board. The business issues that an ALCO would consider, inter alia, includes product pricing, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc. In addition to monitoring the risk levels of our Company, the ALCO reviews the results of and progress in implementation of the decisions made in the previous meetings. The ALCO would also articulate the current interest rate view of our Company and base its decisions for future business strategy on this view.

The frequency of holding ALCO meetings will be quarterly.

Liquidity Risk Management

Our ALCO measures not only the liquidity position of our Company on an ongoing basis but also examines how liquidity requirements are likely to evolve under different assumptions. Experience shows that assets commonly considered as liquid, like Government securities and other money market instruments, could also become illiquid when the market and players are unidirectional. Therefore, liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool. The format of the **Statement of Structural Liquidity** as prescribed by RBI may be used for this purpose.

The Maturity Profile based on ALM – II could be used for measuring the future cash flows of company in different time buckets. The time buckets may be distributed as under:

- (i) 1 day to 30/31 days (One month)
- (ii) Over one month and up to 2 months
- (iii) Over 2 months and up to 3 months
- (iv) Over 3 months and up to 6 months
- (v) Over 6 months and up to 1 year
- (vi) Over 1 year and up to 3 years
- (vii) Over 3 years and up to 5 years
- (viii) Over 5 years

The Statement of Structural Liquidity shall be prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow. While determining the likely cash inflows/outflows, company will have to make a number of assumptions according to their asset - liability profiles. While determining the tolerance levels, the company may take into account all relevant factors based on their asset-liability base, nature of business, future strategy, etc.

In order to enable the company to monitor their short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, company will estimate their short-term liquidity profiles on the basis of business projections and other commitments for planning purposes. An indicative format ALM – I issued by RBI for estimating 'Short-term Dynamic Liquidity' will be used for the said purpose.

Interest Rate Risk (IRR)

The operational flexibility given to NBFCs in pricing most of the assets and liabilities imply the need for the financial system to hedge the Interest Rate Risk. Interest Rate Risk is the risk where changes in market interest rates might adversely affect an NBFC's financial condition. The changes in interest rates affect our Company. The

immediate impact of changes in interest rates is on our Company's earnings (i.e. reported profits) by changing its Net Interest Income (NII). As such our Company is into funding of loans which are always fixed rate loans. The company manages risk on NII by pricing its loan products to customers at a rate which covers Interest Rate Risk. The risk from the earnings perspective can be measured as changes in the NII or Net Interest Margin (NIM). Measurement of such risk is done at the time of deciding rates to be offered to customers. Once interest rate risk is measured by the ALCO, lending rates are finalised. RBI has prescribed ALM – III for the purpose of Interest Rate Risk Monitoring and our Company may use the same for the purpose of measurement and monitoring of interest rate risk.

Non-performing Assets (NPA)

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:

- i. Standard assets;
- ii. Sub-standard assets;
- iii. Doubtful assets; and
- iv. Loss assets.

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

Asset Classification	Provisioning Policy
Standard Assets	0.35% (0.40% for March 2018)
Sub-standard Assets	10.00%
Doubtful Assets	100.00% of unsecured portion + 20% - 50% of secured portion
Loss Assets	100.00% provided if not written off

Based on the Master Directions, the norms for asset classification, details of the classification of our gross NPAs for significant classes of our assets for the period ended September 30, 2018 and financial years ending on March 31, 2018, March 31, 2017 and March 31, 2016 are as furnished below:

(in ₹ lakhs)

Asset Type	For the six-month period ended September 30, 2018	As on March 31		
		2018	2017	2016
Sub-standard	775.34	849.67	416.09	161.97
Doubtful	970.94	810.25	216.47	200.56
Loss	612.42	535.39	457.14	304.45
Gross NPA	2,358.70	2,195.31	1,089.70	666.98
Less Provisions	1,097.92	880.84	582.99	369.38
Net NPA	1,260.78	1,314.47	506.71	297.60
Net NPA % of Total Loans & Advances	0.55	0.59	0.27	0.20

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per Master Directions. We have written off ₹0.04 lakhs, ₹2.97 lakhs and ₹75.31 lakhs in the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, respectively.

NPA Management Policy

Our Company has put in place a gold loan monitoring, follow-up and disposal mechanism. All new gold loans are sanctioned for a period of 9 months. However, our Company also has existing gold loans for a tenure of 12 months which were extended earlier. In the case of non-repayment, i.e., within a period of nine or 12 months, as applicable, from the date of pledging, the asset will be disposed of by our Company after the expiry of either nine or twelve

months and 15 days of grace, by sale through public auction. Our Company may also consider settlement of loan dues by way of concessions in interest as a one –time settlement on a case to case basis only with the approval of corporate office. The auction procedure shall be transparent. And prior notice will be given to customer by Registered Post/Courier informing about the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper, describing the date of auction, venue of auction, and the details of gold etc. Auction will be conducted by an approved auctioneer appointed by the Board of Directors of our Company. The amount due to our Company by the customer, being the aggregate of the principal and up to the date of interest as well as other expenses like expenses for conducting auction, will be adjusted against the sale proceeds, whereas the surplus, if any available, will be refunded to the customer, and deficit if any shall have to be paid by him/her. Our Company or its associate concerns will not participate in the auction.

Appointment of an Auctioneer

As per the revised RBI guidelines, our Company or its Promoters cannot participate in the auction. Qualified and experienced auctioneers are to be appointed by our Company to carry out the auction on behalf of the company.

Capital Adequacy Ratio

As per the Master Directions, every NBFC-ND-SI including us are subject to capital adequacy requirements. Currently, we are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Further, we need to maintain a Tier I 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 17.60%, 17.12%, 16.68% and 18.31% on September 30, 2018, March 31, 2018, March 31, 2017 and March 2016, respectively.

We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the financial year ended March 31, 2018.

Technology

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. 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. A need was felt for a centralised IT platform for our continued aggressive growth along with risk management. Accordingly, we are in the process of introducing new software to improve the operational efficiency.

Our Borrowings and Credit Ratings

Source of funding

Please refer to sections titled “*Financial Statements*” and “*Financial Indebtedness*” on pages 99 and 102.

We have depended on working capital limits from bank and issuance of secured and unsecured non-convertible debentures through private placement as primary source of funding. We have also made public issue of secured and unsecured non-convertible debentures.

We also raise capital by issuing equity shares from time to time particularly to our Promoters.

Credit Rating

Credit Rating Agency	Instrument	Date	Ratings	Remarks	Rated amount in ₹ lakhs
India Ratings	Non-Convertible Debenture-Issue XV	November 27, 2018	‘IND BBB’: Outlook Stable	Reaffirmed	30,000*
India Ratings	Proposed Bank loan	July 9, 2018	‘IND BBB’: Outlook Stable	Assigned	10,000

*The rated amount includes the unsecured portion of the Issue for up to ₹4,000 lakhs.

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 also started installing 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 and computer areas are locked and closed to customers. We also keep the pledged gold in joint custody. While we provide around the clock 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 and corporate office is located in Kottayam, Kerala and is owned by us.

Intellectual Property

Our Company is using the following trade mark/logo for commercial purpose:

Sr. No.	Trade Mark/Logo
1.	 KOSAMATTAM FINANCE
2.	 KOSAMATTAM CHITTY FUND
3.	 KOSAMATTAM FINANCE PRIVATE LIMITED

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Employees

As on September 30, 2018 we had 3,299 employees.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated as ‘Standard Shares and Loans Private Limited’, a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC, dated March 25, 1987. Subsequently, the name of our Company was changed to ‘Kosamattam Finance Private Limited’ pursuant to a fresh certificate of incorporation dated June 8, 2004 issued by the RoC. Pursuant to a special resolution passed in the general meeting of our shareholders held on November 11, 2013 and a fresh certificate of incorporation issued by the RoC on November 22, 2013 our Company was converted into a public limited company and consequently our name was changed to ‘Kosamattam Finance Limited’.

Our Company has originally obtained a certificate of registration dated August 24, 2000 bearing Registration no B-16.00117 issued by RBI to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the said certificate of registration, under Section 45 IA of the RBI Act. As on date, our Company has a valid certificate of registration dated December 19, 2013 bearing registration no. B-16.00117 issued by the RBI to commence/carry on 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.

Our Company has obtained a full-fledged money changers license bearing license number FE.CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI which is valid up to February 29, 2020.

Our Company holds a Certificate of Registration dated May 28, 2014 bearing Registration Number IN-DP-CDSL-717-2014 issued by the SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. The registration is valid up to May 27, 2019.

Our company hold a Certificate of Registration dated March 30, 2016 bearing Registration Number - CA0179 issued by IRDA to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999. The registration is valid up to March 31, 2019.

Our Company obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was assigned a unique code-AMFI Registration Number (ARN) - 116785. The registration is valid up to November 24, 2019.

Our Company does not have any subsidiaries.

Registered office of our Company

The registered office of our Company is located at Kosamattam Mathew K Cherian Building, Market Junction, M. L. Road, Kottayam - 686 001, Kerala, India.

Main objects of our Company

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

1. To carry on business as a non-banking financial company as defined under Section 45-I A of the RBI Act.
2. To engage in the business of a depository participant.
3. To engage in the business of agriculture by acquiring land on freehold basis or leasehold basis.
4. To act as composite corporate agent of insurance companies in India in accordance with the terms and conditions prescribed by RBI vide its circular DNBS (PD) C.C. No. 35/10.24/2003-04 of February 10, 2004, and any amendment thereto from time to time.
5. To act as mutual fund distributor and commission agent.
6. To act as agents and sub agents of travel agents, tour operators, transport agents and contractors and to book tickets for travel by air, rail and road, to arrange and operate tours and to handle all matters related to travel and transport as their agents and sub agents.
7. To carry on and undertake the business of commission agents of various service providers, money transfer services, money changers, authorised dealers in foreign exchange or foreign securities, either directly or as agents, brokers or otherwise of other companies engaged in these businesses, to do fee based marketing activities for other third-party products and services and to act as Business Correspondents and / or Direct

Selling Agents of Banks and other Financial Institutions.

8. To carry on, manage, supervise and control the business of transmitting, manufacturing, supplying, generating, distributing, buying selling and dealing in electricity and all forms of energy and power generated by any source whether nuclear, steam, hydro or tidal, water, wind, solar, hydrocarbon fuel or any other form, kind or description.
9. To provide leasing advisory, investment and financial consultancy service and or to form the leasing arm of other entities.

Key milestones and major events

Financial Year	Particulars
2004-2005	Mathew K Cherian & Laila Mathew acquired the entire share capital of Standard Shares & Loans Private Limited.
2006-2007	Our Company received FFMC license for money changing activities.
2007-2008	Our Company's branch network crossed 100 branches.
2009-2010	Our Company was designated as a Systemically Important NBFC (NBFC – ND- SI).
2010-2011	Our Company opened 178 branches in a year and its asset under management crossed ₹30,000 lakhs.
2011-2012	Our Companies asset under management crosses ₹50,000 lakhs.
2012-2013	Our Companies asset under management crosses ₹1,00,000 lakhs.
2014-2015	Our Company received Depository Participant License.
2014-2015	Public Issue of secured, redeemable, non-convertible debentures amounting to ₹10,000 lakhs.
2014-2015	Public issue of secured, redeemable, non-convertible debentures amounting to ₹15,000 lakhs.
2014-2015	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹20,000 lakhs.
2014-2015	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹20,000 lakhs.
2015-2016	Our Company became corporate agent of Life Insurance Corporation.
2015-2016	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹23,000 lakhs.
2015-2016	Public issue of secured, redeemable, non-convertible debentures amounting to ₹20,000 lakhs.
2015-2016	Our Company entered into a distribution agreement and became a corporate agent of Religare Health Insurance Private Limited.
2015-2016	Our Company was issued a certificate of registration by IRDA to commence business in the capacity of a corporate agent (composite).
2016-2017	Public issue of secured, redeemable, non-convertible debentures amounting to ₹25,000 lakhs.
2016-2017	Our Company entered into a distribution agreement with Reliance General Insurance Company Limited and Bajaj Allianz General Insurance Company.
2016-2017	Public issue of secured redeemable, non-convertible debentures and unsecured, redeemable, non-convertible debentures amounting to ₹20,000 lakhs.
2016-2017	Public issue of secured redeemable, non-convertible debentures amounting to ₹30,000 lakhs.
2017-2018	Public issue of secured redeemable, non-convertible debentures and unsecured, redeemable, non-convertible debentures amounting to ₹25,000 lakhs.
2017-2018	Our Company started its microfinance operations.
2017-2018	Public issue of secured redeemable, non-convertible debentures amounting to ₹22,000 lakhs.
2017-2018	Public issue of secured redeemable, non-convertible debentures and unsecured redeemable, non-convertible debentures amounting to ₹23,000 lakhs.
2017-2018	Our Company entered into a distribution agreement with Apollo Munich Health Insurance Company Limited.
2018-2019	Public issue of secured redeemable, non-convertible debentures amounting to ₹30,000 lakhs.
2018-2019	Public issue of secured redeemable, non-convertible debentures and unsecured redeemable, non-convertible debentures amounting to ₹30,000 lakhs.
2018-2019	Kosamattam Mathew K. Cherian Financiers Private Limited merged with our Company, pursuant to the order of the NCLT approving the scheme of amalgamation vide an order dated June 26, 2018

Key Agreements

Memorandum of Understanding dated May 07, 2004 between Mathew K Cherian (representative of the “buyers”) and Thomas Porathur (representative of the “sellers”) (“MoU”)

Pursuant to the MoU, Mathew K Cherian and Laila Mathew, our Promoters, acquired the entire paid up share capital of Standard Shares and Loans Private Limited comprising of ₹42,00,000 divided into 4,200 equity shares of ₹1,000 each. The consideration for the sale was the par value of the equity shares as credited as paid up capital in the balance sheet as at March 31, 2004.

OUR MANAGEMENT

The Articles of Association of our Company require us to have not less than three and not more than 12 Directors. As on the date of this Prospectus, we have five Directors on the Board which include two Executive Directors, two Independent Directors and one Non-Executive Director.

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. Currently, we have five Directors on the Board of Directors.

Details relating to Directors

Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
Mathew K. Cherian Designation: Chairman and Managing Director DIN: 1286073 Nationality: Indian Occupation: Business Date of appointment: May 07, 2004 Term: Liable to retire by rotation Address: 354A, Kosamattam House, Manganam P.O., Kottayam - 686 018, Kerala, India.	63	1. Kosamattam Housing Finance Private Limited; 2. Kosamattam Ventures Private Limited; and 3. Kosamattam Nidhi Limited.
Laila Mathew Designation: Whole Time Director DIN: 1286176 Nationality: Indian Occupation: Business Date of appointment: May 07, 2004 Term: Liable to retire by rotation Address: 354A, Kosamattam (H), Manganam P.O., Kottayam - 686 018, Kerala, India.	61	1. Kosamattam Housing Finance Private Limited; 2. Kosamattam Ventures Private Limited; and 3. Kosamattam Nidhi Limited.
Jilu Saju Varghese Designation: Non-Executive Director DIN: 03621643 Nationality: Indian Occupation: Business	37	1. Kosamattam Builders Private Limited; and 2. Kosamattam Nidhi Limited.

Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
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Date of appointment: October 01, 2011

Term: Liable to retire by rotation

Address: Parayil House, West Othara P.O., Via Thiruvalla Pathanamthitta – 689 551, Kerala, India.

Paul Jose Maliakal	67	Nil
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Designation: Independent Director

DIN: 07218120

Nationality: Indian

Occupation: Chartered Accountant

Date of appointment: June 25, 2018

Term: For a period, up to March 25, 2020

Address: Chethalan, Church Road, Pariyaram – 680 721

C. Thomas John	73	1. Malankara Enterprises Limited; 2. Malankara Plantations Limited; and 3. Malankara Wood Limited.
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Designation: Independent Director

DIN: 02541626

Nationality: Indian

Occupation: Business

Date of appointment: August 19, 2015

Term: For a period, up to March 25, 2020

Address: Chirappurath House, Kollad. P.O., Kottayam - 686 029, Kerala, India

Brief Profile of Directors

- Mathew K. Cherian** aged 63 years is the Chairman and Managing Director of our Company. He started the lending business through Kosamattam Bankers and has over 40 years of experience in finance business. He received the 'Gandhi Peace Foundation Award' in 2007.
- Laila Mathew** aged 61 years is the Whole-Time Director of our Company. She has 30 years of experience in finance business. She received the Kerala Christian Foundation, Annie Mascarene award in year 2014-2015.
- Jilu Saju Varghese** aged 37 years is a Non-Executive Director. She holds a bachelor's degree in commerce from Mahatma Gandhi University, Kerala. She has 5 years of experience in finance. She has joined our Company as a director in the year 2011.
- Paul Jose Maliakal** aged 67 years is an Independent Director of our Company. He is qualified chartered

accountant and a member of the Institute of Chartered Accountants of India.

5. **C. Thomas John** aged 73 years is an Independent Director of our Company. He holds a bachelor's degree in science from the University of Allahabad and post-graduate diploma in management from the Indira Gandhi National Open University. He has around 44 years of experience working in the plantations industry.

Confirmations

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

None of our Directors have been identified as a 'wilful defaulter' by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. None of our director's features in any list of defaulters by ECGC or any government/regulatory authority. Further, none of our Promoters or Directors have been identified as a Fugitive Economic Offender.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Relationship between Directors

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

Sl. No.	Name of Director	Designation	Relationship with other Directors
1.	Mathew K. Cherian	Chairman and Managing Director	Husband of Laila Mathew and father of Jilu Saju Varghese
2.	Laila Mathew	Whole-Time Director	Wife of Mathew K. Cherian and mother of Jilu Saju Varghese
3.	Jilu Saju Varghese	Non-Executive Director	Daughter of Mathew K. Cherian and Laila Mathew

Remuneration to the Directors

Chairman and Managing Director

Mathew K. Cherian was reappointed for a period of 5 years, with effect from June 8, 2018 as the Chairman and Managing Director of our Company by a resolution of the Board of Directors dated May 30, 2018 and the approval of the shareholders in their annual general meeting held on June 8, 2018.

The remuneration to be paid to Mathew K Cherian is ₹8 lakhs per month plus perquisites along with commission not exceeding 4% of net profits of our Company, the quantum whereof to be determined by our Board of Directors.

Whole-time Director

Laila Mathew was reappointed for a period of 5 years, with effect from June 8, 2018 as the Whole-Time Director of our Company by a resolution of the Board of Directors dated May 30, 2018 and the approval of the shareholders in their annual general meeting held on June 8, 2018.

The remuneration to be paid to Laila Mathew is ₹5 lakhs per month plus perquisites along with commission not exceeding 4% of net profits of our Company, the quantum whereof to be determined by our Board of Directors.

Non-Executive Directors other than Independent Directors

The Board of Directors of our Company in their meeting held on June 9, 2017 has approved payment of remuneration to Jilu Saju Varghese, Non-Executive Director, up to 1% of net profit of our Company with effect from April 1, 2016. For the financial year ended March 31, 2018, the total remuneration paid by our Company to Jilu Saju Varghese was ₹50,00,000.

Independent Directors

The Board of Directors of our Company in their meeting held on March 25, 2015, has approved payment of ₹5,000 as sitting fees to Non-Executive/Independent Directors, for attending every meeting of the Board of Directors. For the financial year ended March 31, 2018, the total sitting fees paid by our Company to our Independent Directors was ₹4,10,000.

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their EGM held on September 29, 2018 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 sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹6,00,000 lakhs.

Interest of the Directors

All the directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, commission and reimbursement of expenses payable to them. Further, other than the Promoter Directors of our Company, none of the Directors have any interest in the promotion of our Company. Further, none of our Directors have any interest in any immovable property acquired by our Company in the two years preceding the date of this Prospectus or any immovable property proposed to be acquired by it.

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

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

Mathew K. Cherian (Chairman and Managing Director) has taken a loan from our Company. The loan amount outstanding as on September 30, 2018 for Mathew K. Cherian was ₹1,269.00 lakhs.

Appointment of any relatives of Directors to an office or place of profit

Other than George Thomas (CEO), Saju Varghese (Chief Technical Officer) and Milu Mathew (Senior Manager), none of the relatives of Directors are appointed to an office or place of profit.

Debenture holding of Directors

As on date, none of our Directors hold any debentures issued by our Company.

Details of remuneration paid/payable to our Directors during the financial year ended March 31, 2018 and for the six-month period ended September 30, 2018, by our Company and our associates are as follows:

A. For the financial year ended March 31, 2018:

Sl. No.	Name of the Director	By the Company		By the Associates		Total Remuneration (₹)
		Remuneration (₹)	Nature	Remuneration	Nature	
1.	Mathew K. Cherian	60,00,000	Managerial Remuneration	Nil	Managerial Remuneration	2,75,00,000
		2,15,00,000	Commission			
2.	Laila Mathew	36,00,000	Managerial Remuneration	Nil	Managerial Remuneration	2,51,00,000
		2,15,00,000	Commission			
3.	Jilu Saju Varghese	50,00,000	-	Nil	-	50,00,000
4.	Paul Jose Maliakal*	-	Sitting Fees	Nil		-
5.	C. Thomas John	1,55,000	Sitting Fees	Nil		1,55,000
6.	Narayanaswamy Chidambara Iyer**	2,55,000	Sitting Fees	Nil		2,55,000

* Paul Jose Maliakal was appointed as an Additional Director (Independent) with effect from June 25, 2018.

** Narayanaswamy Chidambara Iyer resigned from the Board with effect from June 21, 2018.

B. For the six-month period ended September 30, 2018:

Sl. No.	Name of the Director	By the Company		By the Associates		Total Remuneration (₹)
		Remuneration (₹)	Nature	Remuneration	Nature	
1.	Mathew K. Cherian	79,55,297.00	Managerial Remuneration	Nil	Managerial Remuneration	105,55,297.00
		26,00,000.00	Commission			
2.	Laila Mathew	30,00,000.00	Managerial Remuneration	Nil	Managerial Remuneration	50,00,000.00
		20,00,000.00	Commission			
3.	Jilu Saju Varghese	Nil	Nil	Nil	Nil	Nil
4.	Paul Jose Maliakal	Nil	Sitting Fees	Nil	Nil	Nil
5.	C. Thomas John	35,000.00	Sitting Fees	Nil	Nil	35,000.00
6.	Narayanaswamy Chidambara Iyer*	20,000.00	Sitting Fees	Nil	Nil	20,000.00

* Narayanaswamy Chidambara Iyer resigned from the Board with effect from June 21, 2018.

Appointment to office of profit

Other than George Thomas (Chief Executive Officer), Saju Varghese (Chief Technical Officer) and Milu Mathew (Senior Manager) none of our Directors' relatives have been appointed to an office or place of profit.

Changes in the Directors of our Company during the last three years

The changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

Name of Director	Date of Change	Reason
Narayanaswamy Chidambara Iyer	June 21, 2018	Resignation
Mathew K. Cherian	June 08, 2018	Reappointment
Laila Mathew	June 08, 2018	Reappointment

Name of Director	Date of Change	Reason
Paul Jose Maliakal	June 25 2018	Appointment

Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our MOA and AOA, Directors are not required to hold any qualification shares. Details of the Equity Shares held in our Company by our Directors, as on date, are provided in the table given below:

Sr. No.	Name of Director	Number of Equity Shares held	Number of Preference Shares held	Percentage of the total equity paid-up capital (%)	Percentage of the total paid-up capital (%) [#]
1	Mathew K. Cherian	12,33,504	Nil	65.09%	59.54%
2	Laila Mathew	3,01,483	Nil	15.91%	14.55%
3	Jilu Saju Varghese	4	Nil	Negligible	Negligible
4	Paul Jose Maliakal	Nil	Nil	Nil	Nil
5.	C. Thomas John	Nil	Nil	Nil	Nil

[#] Total paid up capital includes equity and preference share capital

Shareholding of Directors in our Associates

Sr. No.	Name of Director	Name of the Company	Number of equity shares held*	Percentage of the total paid-up capital (%)
1	Mathew K. Cherian	Kosamattam Venture (P) Limited	75	0.058%
		Kosamattam Housing Finance (P) Limited	50	50%
		Kosamattam Nidhi Limited	16,32,439	79.28%
2	Laila Mathew	Kosamattam Venture (P) Limited	25	0.019%
		Kosamattam Housing Finance (P) Limited	50	50%
		Kosamattam Nidhi Limited	4,09,000	19.86
3	Jilu Saju Varghese	Kosamattam Builders (P) Limited	30	30%
		Kosamattam Nidhi Limited	1,000	0.048

*Equity shares are of face value ₹1,000

Details of various committees of the Board

1. Audit Committee

The Audit Committee was constituted by the Board of Directors through its resolution dated February 27, 2012. The Audit Committee was last re-constituted on June 25, 2018, and it currently comprises the following Directors:

- (i) Mathew K. Cherian
- (ii) Paul Jose Maliakal
- (iii) C. Thomas John

The scope and functions of the Audit committee are in accordance with Section 177 of the Companies Act, 2013 and its terms of reference are as follows:

The terms of reference of the Audit Committee includes the following:

- (a) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (b) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (c) Examination of the financial statement and the auditors' report thereon;
- (d) Approval or any subsequent modification of transactions of the company with related parties;
- (e) Scrutiny of inter-corporate loans and investments;
- (f) Valuation of undertakings or assets of the company, wherever it is necessary;
- (g) Evaluation of internal financial controls and risk management systems;
- (h) Monitoring the end use of funds raised through public offers and related matters; and
- (i) To review the functioning of the Vigil Mechanism.
- (j) Overview of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (k) Recommending the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- (l) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (m) Review, along with the management, the annual financial statements of our Company before its submission to the Board for approval, with particular reference to:
 - i. matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 134 of the Companies Act, 2013;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with legal requirements concerning financial statements;
 - vi. disclosure of any related party transactions; and
 - vii. qualifications in the draft audit report.
- (n) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (o) Review of the adequacy of internal control systems, external and internal auditors with the management;
- (p) Review the adequacy of internal audit functions, including the structure of the internal audit departments, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (q) Review the findings of any internal investigations by the internal auditors into matters wherein fraud is suspected or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (r) Discussion with internal auditors regarding any significant findings and follow up thereon;
- (s) Discussion on the nature and scope of the audit with auditors before the audit commences as well as post-audit discussion to ascertain any area of concern;
- (t) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors; and
- (u) To review the function of the whistle blower mechanism, if in place.

2. Asset Liability Management Committee

The Asset Liability Management Committee was constituted by the Board of Directors through its resolution dated July 09, 2011. The Asset Liability Management Committee was last reconstituted on June 25, 2018, and it currently comprises the following Directors:

- 1. Mathew K. Cherian
- 2. Laila Mathew
- 3. Jilu Saju Varghese
- 4. C. Thomas John

The terms of reference of the Asset Liability Management Committee includes the following:

- (a) Verifying and valuing securities on a quarterly basis; and
- (b) Analysing the security cover available for the debentures issued and interest payable.

3. Risk Management Committee

The Risk Management Committee was constituted by the Board of Directors through its resolution dated July 09, 2011. The Risk Management Committee was last reconstituted on May 30, 2018.

The Risk Management Committee currently consists of the following persons:

- (i) Mathew K. Cherian
- (ii) Laila Mathew
- (iii) Jilu Saju Varghese
- (iv) C. Thomas John
- (v) Arun Kumar (Chief Information Officer and Chief Risk Officer)

The terms of reference of the Risk Management Committee includes the following:

- (a) Establishing the context of risks;
- (b) Identifying the risks;
- (c) Assessing probability and possible consequences of the risks.
- (d) Developing strategies to mitigate these risks;
- (e) Monitoring and reviewing the outcomes;
- (f) Communicating and consulting with the parties involved;
- (g) Risk committee performs centralised oversight and policy setting of risk management activities and to provide communication to the board of directors regarding important risks and related risk management activities;
- (h) The risk committee approves the design of the Company's enterprise-wide risk management framework, including supporting methods, risk policies, risk inventories and the risk ranking methodology, as they relate IT and IT compliance risks;
- (i) The committee review and advise the board on the risk impact of strategic business decisions and assess strategic alignment with the Company's IT risk appetite;
- (j) Review significant aggregate risk concentration and other escalations and approve significant corrective actions recommended by management;
- (k) Report to the full Board / IT Steering Committee on the Company's most significant risk, risk trends, as well as related risk response strategies and the performance of the Company's risk management capabilities;
- (l) Oversee the implementation of and adherence to corporate risk policies, processes, and other risk guidance;
- (m) Frequent review of risk assessment.

4. Nomination & Remuneration Committee

The Nomination Committee was constituted by a board resolution dated January 09, 2012. The Nomination Committee was last reconstituted on June 25, 2018 and it currently comprises the following Directors:

The Committee currently comprises:

- (i) Jilu Saju Varghese
- (ii) Paul Jose Maliakal
- (iii) C. Thomas John

The scope and function of the Nomination and Remuneration committee is in accordance with Section 178 of the Companies Act and its terms of reference are as follows:

Terms of reference of the Nomination Committee includes the following:

- (a) Identifying potential candidate to become Board members;
- (b) Determining the composition of the Board of Directors and the sub-committees of the Board;
- (c) Periodic review of Company's Corporate Governance Guidelines;
- (d) Implementing policies and processes relating to corporate governance principles;
- (e) Ensuring the appropriate procedures are in place to assess Board membership needs and Board

- effectiveness;
- (f) Reviewing our Company's policies that relate to matters of Corporate Social Responsibility, including public issues of significance to our Company and its Stakeholders;
 - (g) Developing and recommending to the Board of Directors for its approval an annual evaluation process of the Board and its Committees;
 - (h) Formulating the Disclosure Policy, its review and approval of disclosures; Overseeing Disclosure Committee's functions and responsibilities;
 - (i) To assist the Boards overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain the best available personnel for position of substantial responsibility with our Company;
 - (j) Overall responsibility of approving and evaluating the compensation plans, policies and programs for Whole-time Directors and Senior Management; and
 - (k) The Committee shall also make sure that our Company's compensation packages, Human Resources practices and programs are competitive and effective in motivating highly qualified personnel and establish a suitable relationship between compensation and performance.
 - (l) Formulate the criteria for determining the qualifications, positive attributes etc. and independence of a Director.
 - (m) Formulate the remuneration policy in compliance with the Companies Act 2013, for the approval of the Board.

5. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted by way of a board resolution dated June 25, 2018. The Corporate Social Responsibility Committee comprises of the following members:

- (i) Mathew K. Cherian
- (ii) Laila Mathew
- (iii) Jilu Saju Varghese
- (iv) C. Thomas John

The scope and functions of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act and its terms of reference are as follows:

The terms of reference of Corporate Social Responsibility Committee includes the following:

- (a) To formulate and to recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by our Company as specified in Scheduled VII;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause 1; and
- (c) Monitor the Corporate Social Responsibility policy of our Company from time to time.

6. Corporate Governance Committee

The Corporate Governance Committee was constituted by a board resolution dated January 09, 2012. The committee was last reconstituted on June 25, 2018.

The Committee currently comprises:

- (i) Mathew K. Cherian
- (ii) Laila Mathew
- (iii) Jilu Saju Varghese
- (iv) C. Thomas John

The terms of reference of the Corporate Governance Committee includes the following:

- (a) Consideration of matters of good governance of our Company;
- (b) Consideration of reports of various committees;
- (c) Assessing and valuing the progress made.

7. Stakeholders Relationship Committee

The Stakeholders Relationship Committee was re-constituted by a board resolution dated June 25, 2018.

The Committee currently comprises of the following members:

- (i) Mathew K. Cherian
- (ii) Laila Mathew
- (iii) Jilu Saju Varghese
- (iv) C. Thomas John

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 (6) of the Companies Act, 2013.

The role of the committee is to consider and resolve the grievances of the security holders of the Company.

8. *Debenture Committee*

The Debenture Committee was re-constituted by the Board of Directors through its resolution dated February 15, 2014. The Debenture Committee comprises of the following persons:

- (v) Mathew K. Cherian;
- (vi) Laila Mathew;
- (vii) Jilu Saju Varghese;
- (viii) George Thomas

The terms of reference of the Debenture Committee includes the following:

- (a) To determine and approve, the terms and conditions and number of the debentures to be issued, 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., to approve and make changes to the draft prospectus, to approve the prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof and to issue and allot the debentures 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 and desirable for such purpose including without limitation the utilisation of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of issue and/or early closure of the issue.

Apart from the aforementioned committees formed in accordance with the Companies Act, 2013, the Listing Regulations and in relation to the Issue, our Company has also formed a Committee for Bank Operations and an IT Strategy Committee.

OUR PROMOTERS

The Promoters of our Company are

1. Mathew K. Cherian;
2. Laila Mathew; and
3. Jilu Saju Varghese

Our Promoters together hold 74.09% of our Company's equity share capital and 81% of our Company's total paid up capital.

Profiles of our Promoters

1. **Mathew K. Cherian:** aged 63 years is the Chairman and Managing Director of our Company. He has over 40 years of experience in finance business. He received the 'Gandhi Peace Foundation Award' in 2007. He holds 12,33,504 Equity Shares, which constitutes 65.09% of our Company's equity share capital.
2. **Laila Mathew:** aged 61 years is the Whole-Time Director of our Company. She has 30 years of experience in finance business. She holds 3,01,483 Equity shares, which constitutes 15.91% our Company's equity share capital.
3. **Jilu Saju Varghese:** aged 37 years is a Non-Executive Director. She holds a bachelor's degree in Commerce from Mahatma Gandhi University, Kerala. She has joined our Company as a director in the year 2011. She holds 4 Equity Shares in our Company.

Interest of our Promoters in our Company

Except as stated under "Our Management" beginning on page 86, to the extent of their shareholding in our Company and to the extent of remuneration received by them in their capacity as Executive Directors, and to the extent of loans availed from our Company, 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 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.

Other Confirmations

None of our Promoters have been identified as wilful defaulters by any financial institution or bank or a consortium thereof in accordance with the guidelines on identification of wilful defaulters prescribed by the RBI. Further, none of our Promoters have been identified as a Fugitive Economic Offender.

None of 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 Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

No violations of securities laws have been committed by our Promoters in the past or are currently pending against them. Our Promoters have not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.

Our Promoters' equity shareholding in our Company, as on the date of this Prospectus, is as set forth below:

Sr. No.	Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialised Form	Total shareholding as a % of total number of Equity Shares	Equity Shares pledged or otherwise encumbered	% of Equity Shares pledged with respect to shares owned
1.	Mathew K. Cherian	12,33,504	Nil	65.09	Nil	Nil
2.	Laila Mathew	3,01,483	Nil	15.91	Nil	Nil
3.	Jilu Saju Varghese	4	Nil	Negligible	Nil	Nil

Sr. No.	Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialised Form	Total shareholding as a % of total number of Equity Shares	Equity Shares pledged or otherwise encumbered	% of Equity Shares pledged with respect to shares owned
	Total	15,34,991	Nil	81.00	Nil	Nil

As on the date of this Prospectus, our Promoters do not have any preference shareholding of our Company.

Details of Promoter's Contribution in our Company:

Mathew K. Cherian

Date of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
May 07, 2004	2,000	1,000	-	Cash	Transfer	Own Fund and Loan Fund
August 10, 2004	400	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 23, 2005	5,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
November 13, 2006	2,500	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 30, 2010	64,385	1,000	1,000	Cash	Preferential Allotment	Own Fund and Loan Fund
October 27, 2010	13,825	1,000	1,000	Cash	Preferential Allotment	Own Fund and Loan Fund
November 30, 2010	10,000	1,000	1,000	Cash	Preferential Allotment	Own Fund and Loan Fund
February 28, 2011	3,090	1,000	-	Cash	Transfer	
March 25, 2011	50,066	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 25, 2011	1,37,760	1,000	-	Bonus	Bonus Issue	-
March 30, 2011	61,934	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 30, 2012	45,244	1,000	1,000	Cash	Preferential Allotment	Own Fund
March 20, 2013	79,241	1,000	-	Bonus	Bonus Issue	Bonus
March 26, 2013	30,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 30, 2013	3,04,164	1,000	-	Bonus	Bonus Issue	-
November 11, 2013	(2)	1,000	-	Cash	Transfer	-
December 31, 2013	24,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
May 31, 2014	2,00,000	1,000	1,000	Cash	Rights Issue	Own Fund
May 31, 2014	(40,000)	1,000	-	Gift	Transfer	-
July 31, 2015	22,400	1,000	1,000	Cash	Rights Issue	Own Fund
November 11, 2016	(3)	1,000	-	Gift	Transfer	-
March 14, 2017	1,26,000	1,000	1,000	Cash	Rights Issue	Own Fund
March 31, 2018	40,000	1,000	1,000	Cash	Rights Issue	Own Fund
July 19, 2018	1,500	1,000	-	Other than cash	Pursuant to the order of the NCLT approving the scheme of amalgamation between our Company and Kosamattam Mathew K Cherian Financiers Private Limited	-
September 29 2018	50,000	1,000	1,000	Cash	Rights Issue	Own Fund
Total	12,33,504					

Laila Mathew

Date of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
May 07, 2004	2,200	1,000	-	Cash	Transfer	Own Fund
August 10, 2004	400	1,000	1,000	Cash	Preferential Allotment	Own Fund
March 30, 2010	17,115	1,000	1,000	Cash	Preferential Allotment	Own Fund
October 27, 2010	3,675	1,000	1,000	Cash	Preferential Allotment	Own Fund
November 30, 2010	5,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund and Own Fund

Date of allotment/ transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
February 28, 2011	(3,090)	1,000	-	Cash	Transfer	-
March 25, 2011	12,517	1,000	1,000	Cash	Preferential Allotment	Loan fund
March 25, 2011	34,440	1,000	-	Bonus	Bonus Issue	-
March 30, 2011	15,483	1,000	1,000	Cash	Preferential Allotment	Loan fund
March 30, 2012	11,311	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 20, 2013	19,810	1,000	-	Bonus	Bonus Issue	-
March 30, 2013	71,528	1,000	-	Bonus	Bonus Issue	-
November 11, 2013	(2)	1,000	-	Cash	Transfer	-
December 31, 2013	6,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
May 31, 2014	40,000	1,000	-	Gift	Transfer	-
July 31, 2015	27,600	1,000	1,000	Cash	Rights Issue	Own Fund
November 11, 2016	(2)	1,000	-	Gift	Transfer	-
March 14, 2017	31,500	1,000	1,000	Cash	Rights Issue	Own Fund
July 19, 2018	5,998	1,000	-	Other than cash	Pursuant to the order of the NCLT approving the scheme of amalgamation between our Company and Kosamattam Mathew K Cherian Financiers Private Limited	-
Total	301,483					

Jilu Saju Varghese

Date of allotment/ transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
October 01, 2011	1	1,000	1,000	Cash	Preferential Allotment	Own Fund
March 30, 2013	1	1,000	-	Bonus	Bonus Issue	-
July 19, 2018	2	1,000	-	Other than cash	Pursuant to the order of the NCLT approving the scheme of amalgamation between our Company and Kosamattam Mathew K Cherian Financiers Private Limited	-
Total	4					

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	The Limited Review report of the unaudited financials of our Company for the six-month period ending on September 30, 2018.	F-1
2.	Unaudited financial information of our Company for the six-month period ending on September 30, 2018.	F-2 to F-3
3.	Statutory Auditor's examination report on the Reformatted Financial Statements of our Company for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.	F-4 to F-6
4.	Reformatted Financial information of our Company for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.	F-7 to F-46

MATERIAL DEVELOPMENTS

There have been no material developments since March 31, 2018 and there haven't arisen any circumstances that would materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months, except as stated below.

The following table sets out our capital adequacy ratios computed on the basis of applicable RBI requirements as of the dates indicated:

Particulars	As at the six month period ended September 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Capital Adequacy Ratio	17.60%	17.12%	16.68%	18.31%
Tier I Capital	12.82%	12.82%	12.22%	12.67%
Tier II Capital	4.78%	4.30%	4.46%	5.64%

Public issue of debentures

1. Public issue of secured redeemable non-convertible debentures, of our Company, of face value ₹1,000 each, amounting to ₹30,000 lakhs pursuant to the prospectus dated March 9, 2018. The allotment pursuant to this issue was completed on April 23, 2018.
2. Public issue of secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures, of our Company, of face value ₹1,000 each, amounting to ₹25,000 lakhs pursuant to the prospectus dated August 20, 2018. The allotment pursuant to this issue was completed on September 24, 2018.

Scheme of Amalgamation

The Board of Directors of our Company, in their meeting held on August 6, 2016, approved the merger of Kosamattam Mathew K. Cherian Financiers Private Limited with our Company and adopted the draft scheme of merger subject to the approval from the shareholders of our Company and the creditors, respectively and also for due submission to the High Court of Kerala and the RBI. Our Company received the RBI's in-principle approval for the proposed merger vide its letter dated October 4, 2016. Further, the Board of Directors of our Company in their meeting held on February 8, 2017, approved the revised scheme of merger which would be effective from April 1, 2016 being the appointed date and includes a share exchange ratio of 2:1, i.e., for every one share held by the shareholders of Kosamattam Mathew K. Cherian Financiers Private Limited, our Company shall allot two Equity Shares of our Company. Our Company has filed draft scheme of merger before the National Company Law Tribunal at Chennai ("NCLT") on February 27, 2017. The NCLT vide an order dated October 10, 2017 directed our Company to convene and conduct meetings of members and creditors in accordance with Section 230(1) and 230(3) of the Companies Act. The meetings of the members and creditors were duly convened on November 29, 2017 and November 30, 2017. Subsequently, our Company filed the petition for sanction of the scheme before the Tribunal, by way of Form No. CAA.5 dated December 11, 2017. The NCLT vide an order dated June 26, 2018 sanctioned the scheme of amalgamation and directed our Company to file the amended MoA and AoA with the Registrar of Companies along with the certified copy of the NCLT's order for due action. Accordingly, Kosamattam Mathew K. Cherian Financiers Private Limited has since merged with our Company. Pursuant to the scheme of amalgamation, Mathew K. Cherian was allotted 1,500 Equity Shares, Laila Mathew was allotted 5,998 and Jilu Saju Varghese was allotted 2 Equity Shares on July 19, 2018.

Indebtedness

Our Company availed a working capital facility of cash credit (hypothecation) from Vijaya Bank for an amount of ₹2,500.00 lakhs and as on September 30, 2018 the outstanding balance was ₹1,577.97 lakhs. Our Company has also availed an adhoc limit of ₹ 2,000 lakhs up to August 31, 2018 sanctioned vide letter dated July 23, 2018 by South Indian Bank. Supplemental Agreement of Hypothecation is dated July 23, 2018. The effective rate of interest for temporary enhancement of credit limit is at 11.25% with monthly rests. Further, our Company has availed an enhancement of ₹1,000 lakhs of cash credit/working capital demand loan facility from Dhanlaxmi Bank Limited vide a renewal sanction letter September 29, 2018. The effective rate of interest was 10.90% p.a.

Search by IT authorities

The IT department conducted a search under Section 132 of the Income Tax Act, 1961 read with Section 37A of the Wealth Tax Act, 1957 starting from March 14, 2018. The IT officials during the search visited around 60 of our branches across India along with our regional office and head office. The IT officials verified our books of accounts, certain documents including details of outstanding debenture and auction documents along with

questioning certain of our employees at various locations. We have not received any notice from the IT department or subsequent correspondence in this regard.

Change in Directors

Narayanaswamy Chidambara Iyer resigned from our Board as an Independent Director with effect from June 21, 2018 and Paul Jose Maliakal was appointed to fill in the casual vacancy as an Independent Director by our Board with effect from June 25, 2018 and his appointment was confirmed by the shareholders in their EGM held on September 29, 2018.

Increase in authorised share capital

Pursuant to the merger of Kosamattam Mathew K. Cherian Financiers Private Limited with our Company, the authorised share capital of Kosamattam Mathew K. Cherian Financiers Private Limited was merged with that of our Company and the shareholders in their EGM held on September 29, 2018 approved the consequent increase in our Company's authorised share capital to ₹255,50,00,000 divided into 20,55,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each.

Rights issue of Equity Shares

Our Company undertook a rights issue in the ratio of 1:15, i.e., for every fifteen Equity Shares held by the shareholders, our Company offered one Equity Share of our Company. Consequently, our Company allotted 50,000 Equity Shares to Mathew K. Cherian. The allotment of Equity Shares pursuant to the rights issue was completed on September 29, 2018.

FINANCIAL INDEBTEDNESS

As on September 30, 2018, our Company had outstanding secured borrowings of ₹2,23,579.02 lakhs and unsecured borrowings of ₹23,917.48 lakhs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

A. Secured loan facilities

Name of the lender, facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Rate of interest	Amount outstanding as on September 30, 2018 (in ₹ lakhs)	Security	Repayment date/Schedule
South Indian Bank Limited <i>Cash Credit Open Loan (CCOL)/Overdraft (OD)</i> Sanction letter dated March 18, 2013 Credit facility agreement dated February 25, 2013 Agreement of hypothecation dated February 25, 2013 Renewed sanction letter dated July 18, 2014 Agreement of Hypothecation dated July 18, 2014 Bank Guarantee sanction letter dated August 25, 2016 Renewed sanction letter dated September 5, 2016 Renewed sanction letter dated October 6, 2016 Renewed sanction letter dated April 28, 2017 Renewed sanction letter dated June 30, 2017 Adhoc limit of ₹20 crore sanctioned vide letter dated April 25, 2018	CCOL- 15,000 Bank Guarantee (Financial) – ₹390 lakhs	12 months MCLR 9.00% + Spread 1.25% present effective rate being 10.25% with monthly rests	13,748.37	First ranking pari passu charge on present and future moveable asses, including book debts, and receivables, cash and bank balances, loans and advances of our Company along with the other charge holders. Equitable mortgage of 10.26 acres of property under Sy No.279/4A/1, 279/4A/2, 279/4B/1, C/1,157/21, 158/1, 158/2 Re Sy No. 117/9-11 in Muttambalam village, Kottayam Taluk together with all buildings, existing and/or to be constructed thereon in future. Equitable mortgage of: <ol style="list-style-type: none"> 29.43 ares of commercial plot under Re Sy No.13/1, Kottayam Village, Kerala. 200 cents of landed property at Re Sy No.253/9/3 of Kottayam Village, Kerala. 8.129 cents of land with office building at Re Sy No. 55, Kottayam Village, Kerala. 11.861 cents of land with residential building at Re Sy No.121/19, Vijayapuram Village, Kerala. 30.95 ares of House Plot at Re Sy No 14,99,71 of Kottayam Village, Kerala. 3.87 ares of commercial plot with building at Re Sy No93/14/2 and 93/18, Kumarakom Village, Kerala. 5.10 ares of residential plot at Re Sy No 121/20, Block No.23, Vijayapuram Village, Kerala. 27 cents of and with commercial building under Re Sy No.12/2, Kottayam Village, Kerala. 	On demand.

Revised letter dated
July 6, 2018 for
regularisation and
closure of the adhoc
CCOL limit

Sanction letter dated
July 23, 2018 for
temporary
enhancement (fresh)
of facilities (closed)

- i. 89.40 acres of land-cardamom estate with 6100 sq. ft. old building under Old Sy No. 196/1, 91/1, 91, 92, 212 Re Sy No. 501, 500/2, 502, 500/1 in Kattappana Village Udumbanchola Taluk, Idukki Dist., Kerala.
- j. 11.60 acres of land-cardamom Estate under Sy No. 91/1, 91, 92 in Chakkupallom Village, Udumbanchola Taluk Idukki Dist, Kerala.
- k. 10.26 ares of property under Sy. No. 279/4A/1, 279/4A/2, 279/4B/ 1, C/1, 157/21, 158/1, 158/2 Re Sy No.117/9-11 in Muttambalam Village, Kottayam Taluk, Kerala.
- l. 6.10 ares of land in Old Sy No. 8, Re Sy No 13 Kottayam Village, Kottayam Taluk, Kerala.
- m. 13.99 ares of land with building in Old Sy No. 243, Re Sy No 7, Vellor Village, Kottayam Taluk, Kerala.

Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew, Jilu Mathew and Milu Mathew.

Corporate guarantee by Kosamattam Builders

State Bank of India	<i>Cash Credit (WCDL)</i>	One year MCLR + 235 basis points, present effective rate being 10.45%	7,517.55	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 <i>pari passu</i> basis with the Secured Creditors including debenture trustees and other banks/FIs in the Multiple Banking Arrangement.	On demand
<i>Fund Based Working Capital (CC) – Book Debts</i>	8,500	(One month MCLR + 1.75% p.a. Present effective rate being 9.85%)		Equitable mortgage over 1.85 ares of land and building thereon under Re Sy No 30, Old Sy No 38/26A in Changanacherry Village, Changanacherry Taluk, Kottayam District	
Sanction letter dated March 28, 2015				Equitable mortgage over 8.47 ares of land and building thereon under Re Sy No 12/3, Old Sy No 8/17 in Kottayam Village, Kottayam Taluk, Kottayam District	
Credit facility agreement dated June 11, 2015				Cash collateral of ₹14.90 crores secured by lien on deposit.	
Renewed sanction letter dated April 27, 2016				Personal guarantee of Managing Director – Mathew K. Cherian	
Renewed sanction letter dated February 8, 2017					

Dhanlaxmi Bank Limited* <i>Fund Based Working Capital - Cash Credit Facility</i> Sanction letter dated February 12, 2016 Revised sanction letter dated February 17, 2017 Credit facility agreement dated February 15, 2016. Letter reducing rate of interest dated November 1, 2016	<i>Cash Credit - 4,000</i>	One year MCLR 10.10% + 1.40% floating with annual reset, Present effective rate being 10.50%	2,910.32	First charge over all current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company thereon on <i>pari passu</i> basis with the secured creditors including debenture trustees and other banks or financial institutions in the multiple banking arrangements with 25% margin. Equitable mortgage over 11.465 cents of land under R. Sy. No 55/2, 55/3 and 55/4 of block no. 89 at Kodimatha Kara, Kottayam District Equitable mortgage over 10.52 ares 26 cents of commercial land under R Sy No 38/3 and 2.30 ares nilam land under Sy No 36 of block 27 and 109 at Panayakazhippu Kara, Kottayam District Equitable Mortgage over 145.789 cents of land under R Sy No 188/3 of block no. 6 at Arpookara Kara, Kottayam District. Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew, Jilu Sajju Varghese and Bala Mathew.	On demand
Union Bank of India <i>Cash Credit Facility</i> Revised sanction letter dated December 14, 2017 Hypothecation agreement of goods and debts dated December 20, 2017. Hypothecation (Book Debts) Agreement dated December 20, 2017 Sanction letter dated October 26, 2016 Hypothecation agreement of goods and debts dated December 23, 2016.	<i>Cash Credit - 5,000</i>	One year MCLR + 2.45%. One year MCLR reset due date is December 27, 2017 hence applicable interest on reset will be one year MCLR +2.40%. One year MCLR as on sanction date is 8.20%. Present rate is 10.60%	4,292.06	First ranking <i>pari passu</i> charge on all present and future moveable assets including book debts and receivables, loans and advances, cash and bank balances along with existing charge holders. Cash collateral of ₹12.50 crores by way of fixed deposit with lien in favour of the lender. Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew and Jilu Sajju Varghese.	On demand
The Catholic Syrian Bank Limited <i>Overdraft (Secured)</i>	<i>Overdraft (Secured) - 4,000</i>	One year MCLR + 110 basis points Present effective rate	2,858.63	<i>Parri passu</i> charge on all movable assets including current assets comprising of book debts and receivables, loans and advances, cash and bank balances ranking <i>parri passu</i> with other existing	On demand

Sanction letter dated July 24, 2017		being 11.00%		charge holders. Secured lenders with minimum 25% margin.	
Hypothecation cum working capital agreement dated August 8, 2017.				Lien noted cash collateral equivalent to 25% of the limit sanctioned maintained with the lender.	
Supplemental Hypothecation cum working capital agreement dated August 14, 2018				Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew and Jilu Saju Varghese.	
Canara Bank	<i>ODBD –</i>	One year	3,206.38	<i>Parri passu</i> first charge on the overall movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of our Company, on <i>parri passu</i> basis with all working capital lenders and debenture holders to the extent of 133.33% of loan amount.	On demand
<i>Over Draft against Bank Deposit (Working Capital Demand Loan)</i>	<i>4,000</i>	MCLR +1.95%.			
Sanction letter dated September 26, 2017		Present effective rate being 10.25%			
Common Hypothecation Agreement dated September 27, 2017		3 months MCLR + 1.50% p.a. Present effective rate being 9.85 %		Cash margin in the form of fixed deposits to the extent of 25% the exposure.	
Guarantee Agreement dated September 27, 2017				Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew and Jilu Saju Varghese.	
Karur Vysya Bank	<i>CCBD (WCDL)</i>	One year	3,920.50	First <i>parri passu</i> charge on current assets, booked debts, loans and advances and receivables including gold loan receivables with a margin of 25%	On demand
<i>Cash Credit Facility against Bank Deposit (Working Capital Demand Loan) - (Fresh)</i>	<i>- 5,000</i>	MCLR +1.90% p.a. Present effective rate being 11.00% p.a.		25% cash margin (value of ₹1,250 lakhs)	
Sanction letter dated September 13, 2017		(Rate of interest to be obtained from CIG at the time of disbursement)		Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew and Jilu Saju Varghese.	
Agreement of Guarantee dated September 15, 2017					
Working Capital Demand Loan Agreement dated August 15, 2017					
Hypothecation agreement for cash credit overdraft dated September 15, 2017					

Bank of Baroda	<i>Cash Credit facility – 5,000</i>	2.45% over one year MCLR of the Bank (i.e., 8.30%) + Strategic Premium (i.e., 0.25%). i.e. 11% p.a. with monthly rest.	4,193.08	First <i>pari passu</i> charge over the loan assets or book debts funded out of the bank loan with a minimum cover of 1.33 times. Cash collateral of 25% of the sanctioned limit.	On demand
<i>Cash Credit Facility with sublimit for Working Capital Demand Loan</i>	<i>Sublimit - Working Capital Demand Loan</i>			Cash collateral of 25% of the sanctioned loan limit in the form of term deposit to be kept for the tenure of the loan along with interest credited to the deposit account and lien marked in favour of the bank.	In the form of bullet repayment from the date of first disbursement
Sanction letter dated December 18, 2017	- 2,500	2.45% over respective tenor based MCLR plus Strategic Premium (i.e. 0.25%).		Personal guarantee of promoter directors – Mathew K. Cherian, Laila Mathew and Jilu Saju Varghese.	
Composite Hypothecation Agreement dated December 27, 2017					
Oriental Bank of Commerce	<i>Cash Credit (Book Debt)- Fresh</i>	Benchmark 1 year MCLR of the bank plus spread of 2.00% chargeable on monthly rests.	1,640.29	First <i>pari passu</i> charge with the existing secured creditors on entire current assets and all movable assets, including book debt and receivables, cash and bank balances, loan and advances, both present and future of the Company. Margin 25%, Minimum asset coverage – 1.33 times	For a period of one year.
<i>Cash Credit Facility with sublimit for Working Capital Demand Loan</i>	<i>Sublimit - Working Capital Demand Loan</i>	Present effective rate being 10.35% p.a.		Collateral – Duly discharge term deposit of ₹6.25 crores.	
Sanction letter dated January 5, 2018.	-2,500			Personal guarantee of promoter directors – Mathew K. Cherian (₹45.40 crores) and Laila Mathew (₹6.67 crore).	
Agreement of Hypothecation of Assets dated January 20, 2018					
Vijaya Bank	<i>Cash Credit (Hypothecation)</i>	1 year MCLR + 1.70 + 0.30% (SP) p.a. which is presently 10.50% p.a.	1,577.97	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 <i>parri passu</i> basis along with other secured creditors including debenture trustees and other banks/financial institutions in the multiple lending arrangement with 25% margin. Overdue account and NPA account to be excluded from the receivables while computing DP.	For a period of one year
<i>Working Capital Facility</i>	- 2,500			Collateral – 25% Cash margin i.e., ₹625 lakhs by way of term deposit lien to the proposed working capital limit.	
Sanction letter dated March 16, 2018. –					
Agreement for hypothecation of supply bills and book dated June 19, 2018					
Agreement for demand cash credit against hypothecation of stocks and book dated June 19, 2018					
DCB Bank Limited***	<i>Dropline overdraft –</i>	One year MCLR +0.78% p.a.	497.68	<i>Parri passu</i> charge on present and future loan receivables and other current assets of our Company along with other participating banks and debenture holders (both public and private NCDs)	For a period of one year - To be reduced by ₹500 lakhs on quarterly basis from date of disbursement
<i>Cash Credit Facility / Overdraft Facility</i>	- 2,000	Present effective rate being 10.75% p.a.		Collateral - Cash margin at the rate of 25% of loan outstanding at all times.	
Sanction letter dated September 18, 2017					
Agreement for cash					

credit/ overdraft
facility dated
September 20, 2017

Personal guarantee of promoter
directors - Mr. Mathew K.
Cherian, Mrs. Laila Mathew and
Ms. Jilu Saju Varghese.

Deed of
Hypothecation
dated September 20,
2017

Total outstanding bank borrowings for our Company as on September 30, 2018 was ₹46,433.82 lakhs*.**

* The facility from Dhanlaxmi Bank Limited has been enhanced to ₹5,000 lakhs vide a renewal sanction letter September 29, 2018.

** The loan from DCB Bank Limited has been repaid and the charge has been satisfied vide letter dated October 04, 2018.

*** The amount is inclusive of the outstanding balance of the vehicle loan mentioned below.

➤ Vehicle Loan

Our Company has availed a SME vehicle finance loan of ₹131 lakhs from State Bank of India which is secured by of hypothecation of vehicles purchased by utilisation of the loan amount. The loan is repayable in 72 equated monthly instalments, at an effective rate of interest of 9.95% (base rate of 9.70% + 0.25% margin). As of September 30, 2018, the outstanding amount was ₹70.99 lakhs.

➤ Secured Non-Convertible Debentures

Our Company has issued, on private placement basis, secured redeemable non-convertible debentures under various series of which ₹3,056.35 lakhs was cumulatively outstanding as on September 30, 2018, the details of which are set forth below.

Debenture Series	Date of Allotment	Coupon (in %)	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Tenure	Redemption Date	Security
Kosamattam Secured Bonds 7	August 18, 2010 to January 24, 2014	6% to 14%	10,34.69	1 year to 6 years	March 1, 2018 to January 24, 2020	First ranking <i>pari passu</i> charge over all movable assets including book debts and receivables, cash and bank balances; loans and advances, both present and future of the Company pertaining to loans granted by the Company
Non-Convertible Debenture 1	August 14, 2015	11.50% to 12.55%	2,021.67	3 years to 5 years	August 14, 2018 to August 14, 2020	
Total			3,056.36			

Restrictive Covenants

Our financing agreements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent in the following instances:

- to declare dividend other than from the profits for the current year;
- for any change in the management/constitution, takeovers/mergers etc. or any expansion, new project/investment/acquiring assets under lease/enter into borrowing arrangements;
- to undertake any new project, or diversification, modernisation or substantial expansion of the project, or alter the financing plans or the scope of the project whether by way of any reduction or increase to its size, layout, specification or quality or otherwise;
- engage in any business or activities other than those which the borrower is currently engaged in, either alone or in partnership or joint venture with any other person, nor acquire any ownership interest in any other entity or person or enter into any profit sharing or royalty agreement or other similar arrangement whereby the borrower's income or profits are, or might be shared with any other entity or person, or enter into any

management contract or similar arrangement whereby its business or operations are managed by any other person;

- to contract, create, incur, assume or suffer to exist any indebtedness in any manner whatsoever except as otherwise permitted under the credit facility agreement. This provision shall not apply to normal trade guarantees;
- to prepay any indebtedness incurred by the borrower. If the bank permits the borrower to prepay any such indebtedness the borrower shall if so required by the bank, make proportionate prepayment to the bank subject to such conditions (including payment of prepayment charges) as may be stipulated by the bank;
- to pay any commission to its promoters, directors, trustees, members, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any indebtedness incurred by the borrower or in connection with any other obligation undertaken for or by the borrower;
- to create any subsidiary or permit any company/other entity to become its subsidiary;
- to undertake or permit any merger, de-merger, consolidation, reorganisation, scheme or arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction or change its constitution;
- make any investments whether by way of deposits, loans, or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance except as otherwise permitted under the credit facility agreement. This provision shall not apply to loans and advances granted to staff or contractors or suppliers in the ordinary course of business;
- to create or permit to subsist any encumbrance (save and except for securing borrowings for working capital requirements in the ordinary course of business, up to the limit approved by the bank) or any type of preferential arrangement (including retention arrangements or escrow arrangements having the effect of granting security), in any form whatsoever on any of its assets including Intellectual Property and Intellectual Property Rights, or (b)(whether voluntarily or involuntarily) sell, transfer, grant lease or otherwise dispose of or deal with (or agree to do any of the foregoing at any future time), all or any of its assets including Intellectual Property and Intellectual Property Rights;
- carry out or permit any material amendment, termination or cancellation of any (i) project document including any agreements with its machinery suppliers, collaborators, technical consultants and suppliers of raw materials, or (ii) agreements, documents or arrangements entered into with, or executed in favour of, any other bank or providers of funds;
- declare or pay any dividend or authorise or make any distribution to its shareholders: (a) unless it has paid all the dues in respect of the facilities up to the date on which the dividend is proposed to be declared or paid, or has made satisfactory provisions therefor, and/or (b) if an event of default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorisation or making of distribution;
- (a) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes, or (b) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever;
- change such of the financial year-end which has been intimated to the bank (or such other date as may be approved by the bank);
- change the accounting method or policies currently followed by the borrower;
- amend or modify its Memorandum and Articles of Association/Bye Laws/Trust Deeds;
- the borrower shall not compound or release any of the book-debts/receivables nor do anything whereby the recovery of the same may be impeded, delayed or prevented without obtaining prior consent in writing of the bank;

- the borrower shall not undertake guarantee obligation on behalf of any third party or any other company/firm etc. without the prior written consent of the bank
- the borrower shall not alienate or dispose of or charge or encumber any of the securities provided to the bank without the written consent of the bank;
- the moneys brought in by the borrowers/partners/friends/relatives/principal shareholders/directors/depositors/other associate firms/group companies for financing the needs of the borrower will not be allowed to be withdrawn, during the currency of the said credit facility, without the permission of the bank.

B. Public issue of secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹1,108.58 lakhs was outstanding as on September 30, 2018

Nature of debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	66 months	13.43%	1,108.58	May 16, 2014	November 16, 2019	10,000.00

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹1,325.83 lakhs was outstanding as on September 30, 2018.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	70 months	12.62%	1,325.83	August 13, 2014	June 12, 2020	15,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹2,500.00 lakhs was outstanding as on September 30, 2018.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Unsecured Subordinated Redeemable Non-convertible Debenture	66 months	13.00% to 13.43%	2,500.00	November 08, 2014	May 07, 2020	2,500.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹2,951.34 lakhs was outstanding as on September 30, 2018.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	70 months	12.62 %	1,951.34	July 16, 2018	January 16, 2021	20,000.00
Unsecured Subordinated Redeemable Non-convertible Debenture	70 months	13.00%	1,000.00	March 17, 2015	January 16, 2021	1,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹12,421.84 lakhs was outstanding as on September 30, 2018.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	36, 45 and 60 months	11.00% to 11.85%	9,421.84	December 1, 2015	November 30, 2018 to November 30, 2020	20,000.00
Unsecured Subordinated Redeemable Non-convertible Debenture	75 months	11.50% to 11.73%	3,000.00	December 1, 2015	February 28, 2022	3,000.00

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹15,428.44 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	36, 48 and 76 months	11% to 11.57%	15,428.44	February 15, 2016	February 14, 2019 to June 14, 2022	20,000.00

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹17,093.82 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	24, 36, 48 and 78 months	9.75% to 11.25%	17,093.82	June 9, 2016	June 8, 2018 to December 8, 2022	25,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹14,226.51 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	36 and 48 months	10.67% to 10.75%	11,747.92	September 29, 2016	September 28, 2019 to September 28, 2020	17,500.00
Unsecured, Subordinated Redeemable Non-convertible Debenture	78 months	11.00% to 11.25%	2,478.59	September 29, 2016	March 28, 2023	2,500.00

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹14,252.86 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	36, 50, 60 and 84 months	9.50% to 10.41%	14,252.86	February 01, 2017	January 31, 2020 to May 31, 2024	30,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹19,612.42 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	18, 36, 52 and 60 months	9.50% to 10.00%	18,363.35	May 09, 2017	November 08, 2018 to May 07, 2022	22,500.00
Unsecured Subordinated Redeemable Non-convertible Debenture	86 months	10.16%	1,249.07	May 09, 2017	July 08, 2024	2,500.00

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹21,462.10 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	400 days, 18, 36, 52, 60 and 88 months	9.00% to 10%	21,462.10	August 29, 2017	October 3, 2018 to December 27, 2024	22,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹22,878.51 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	400 days, 18, 36 and 52 months	9% to 9.81%	19,878.51	January 08, 2018	February 12, 2019 to May 07, 2022	20,000.00
Unsecured Subordinated Redeemable Non-convertible Debenture	88 months	10% and 9.91%	3,000.00	January 08, 2018	May 07, 2025	3,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹21,426.54 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	400 days, 18, 36, 52, 60 and 88 months	9% to 10.00%	21,426.54	April 23, 2018	May 28, 2019 to August 22, 2025	30,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹23,470.51 lakhs was outstanding as on September 30, 2018.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal amount) (in ₹ lakhs)
Secured Redeemable Non-Convertible Debenture	24 months, 36, 48, 60 months	9.75% to 10.25%	2,0627.71	September 24, 2018	September 23, 2020 to September 22, 2023	22,000.00
Unsecured Subordinated Redeemable Non-convertible Debenture	84 months	10.25% to 10.41	2,842.80	September 24, 2018	September 23, 2025 to	3,000.00

Unsecured facilities

➤ Unsecured Non-Convertible Debentures

▪ Subordinate bonds

Debenture series	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Kosamattam Bonds 3	61 months-66 months	10% to 14%	1947.76	February 14, 2013 to August 23, 2013	August 14, 2018 to February 23, 2019	2,500
Kosamattam Bonds 4	61 months-66 months	10% to 14%	2,484.45	August 24, 2013 to December 25, 2013	February 24, 2019 to June 25, 2019	2,500
Kosamattam Bonds 5	61 months-66 months	10% to 14%	1,485.97	December 26, 2013 to February 21, 2014	June 26, 2019 to August 21, 2019	1,500
Kosamattam Bonds 6	61 months-66 months	10% to 14%	168.80	February 22, 2014 to March 31, 2014	August 22, 2019 to August 21, 2020	1,000
Kosamattam Subordinate Bond Series 1	66 Months	13.43%	104.47	June 5, 2014	December 4, 2019	200
Kosamattam Subordinate Bond Series 2	66 Months	13.43%	99.50	June 10, 2014	December 9, 2019	100
Kosamattam Subordinate Bond Series 3	66 Months	13.43%	98.24	June 14, 2014	December 13, 2019	100

Debenture series	Tenure	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Kosamattam Subordinate Bond Series 4	66 Months	13.43%	70.83	June 20, 2014	December 19, 2019	100
Kosamattam Subordinate Bond Series 5	66 Months	13.43%	47.00	June 30, 2014	December 29, 2019	100
Kosamattam Subordinate Bond Series 6	66 Months	13.50%	150.00	August 26, 2014	February 25, 2020	150
Total			6,657.02			

▪ Perpetual Debt Instruments

Debenture series	Tenor	Coupon	Amounts outstanding as on September 30, 2018 (in ₹ lakhs)	Dates of Allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)
Kosamattam Mega Bond 1	Perpetual	13.50%	625.00	September 11, 2011 to March 31, 2012	Perpetual	7,000.00
Kosamattam Mega Bond 2		8% to 14 %	150.00	October 03, 2012 to March 31, 2013		1,000.00
Kosamattam Mega Bond 3		9% to 14 %	415.00	July 08, 2013 to March 31, 2014		1,000.00
Total			1,190.00			

Commercial Papers

Our Company has not issued any commercial papers.

Loan from Directors and Relatives of Directors

Our Company has not taken any loan from directors or relative of directors.

Inter Corporate Loans

Our Company has not borrowed any amount in the nature of demand loans from Companies under same management.

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan and the non-convertible debentures. Our Company has not issued any corporate guarantee.

SECTION VI - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹15,000 lakhs with an option to retain over-subscription up to ₹15,000 lakhs, aggregating to a total of up to ₹30,000 lakhs.

The Issue has been authorised by resolution of the Board passed during meeting held on October 8, 2018.

The key common terms and conditions of the NCDs are as follows:

Particulars		Terms and Conditions
Issuer		Kosamattam Finance Limited
Lead Manager		Vivro Financial Services Private Limited
Debenture Trustee		Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Registrar to the Issue		Karvy Fintech Private Limited (previously known as Karvy Computershare Private Limited)
Minimum Application Size		10 NCDs i.e., ₹10,000 (across all Options of NCDs)
Mode of Allotment		In dematerialised form only
Mode of Trading		NCDs will be traded in dematerialised form only
Terms of Payment		Full amount on Application
Trading Lot		1 (one) NCD
Who can apply		Category I <ul style="list-style-type: none"> Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; Provident Funds of minimum corpus of ₹2,500 lakhs, Pension Funds of minimum corpus of ₹2,500 lakhs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; Venture Capital funds and/or Alternative Investment Funds registered with SEBI; Insurance Companies registered with the IRDA; National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; Mutual Funds registered with SEBI; and Systemically Important NBFCs. Category II <ul style="list-style-type: none"> 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;

Particulars	Terms and Conditions
	<ul style="list-style-type: none"> 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*	<ul style="list-style-type: none"> Resident Indian individuals; and Hindu undivided families through the Karta.
	<i>* applications aggregating to a value not more than ₹5 lakhs.</i>

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the de-mat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, see “Issue Procedure” on page 134.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs[#]

Issuer	Kosamattam Finance Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Registrar to the Issue	Karvy Fintech Private Limited (previously known as Karvy Computershare Private Limited)
Type and nature of Instrument	Secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures
Face Value of NCDs (₹/NCD)	₹1,000
Issue Price (₹/NCD)	₹1,000
Minimum Application	10 NCDs i.e., ₹10,000 (across all options of NCDs)
In multiples, of	One NCD after the minimum application
Seniority	Senior (the claims of the Debenture Holders holding the Secured NCDs shall be superior to the claims of any unsecured creditors, including the Unsecured NCDs, subject to applicable statutory and/or regulatory requirements).

The Secured NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value 1 time of the debentures outstanding plus interest accrued thereon, excluding a written down value of furniture and fixtures to the extent of ₹1,081.92 lakhs and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met., Tamil Nadu.

	Claims of all other lenders shall rank higher than Unsecured NCDs in the nature of Subordinated Debt
Mode of Issue	Public issue
Minimum Subscription	₹11,250 lakhs
Issue	Public Issue by our Company of NCDs aggregating up to ₹15,000 lakhs with an option to retain over-subscription up to ₹15,000 lakhs aggregating up to ₹30,000 lakhs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lakhs.
	The Secured NCDs shall be allotted for a value up to ₹26,000 lakhs and Unsecured NCDs shall be allotted for a value up to ₹4,000 lakhs.
Stock Exchange proposed for listing of the NCDs	BSE Limited (“BSE”), the Designated Stock Exchange (“DSE”)
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closing Date
Depositories	NSDL and CDSL
Security	The principal amount of the Secured NCDs to be issued in terms of this Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge with the existing secured creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both, present and future of our Company equal to the value of one time of the Secured NCDs outstanding plus interest accrued thereon, excluding a written down value of furniture and fixtures to the extent of ₹1,081.92 lakhs and first ranking <i>pari passu</i> charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. No. (OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met.
	No security will be created for Unsecured NCD in the nature of Subordinated Debt.
Security Cover	Our Company shall maintain a minimum 100 percent security cover on the outstanding balance of the NCDs plus accrued interest thereon.
	No security will be created for Unsecured NCD, which shall be issued in the nature of Subordinated Debt.
Who can apply	<p>Category I</p> <ul style="list-style-type: none"> Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; Provident Funds of minimum corpus of ₹2,500 lakhs, Pension Funds of minimum corpus of ₹2,500 lakhs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; Venture Capital funds and/or Alternative Investment Funds registered with SEBI; Insurance Companies registered with the IRDA; National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; Mutual Funds registered with SEBI; and Systemically Important NBFCs. <p>Category II</p> <ul style="list-style-type: none"> 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.

Credit Rating	Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated	Rating definition
	India Ratings	Proposed Non-Convertible Debenture Issue of Secured NCDs and Unsecured NCDs	'IND BBB': Outlook Stable	November 27, 2018	₹30,000 lakhs (including up to ₹4,000 lakhs for the Unsecured NCDs)	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. Such instruments carry moderate credit risk.
Issue Size	Public Issue by our Company of NCDs aggregating up to ₹15,000 lakhs with an option to retain over-subscription up to ₹15,000 lakhs aggregating up to ₹30,000 lakhs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lakhs. The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital.					
Application money	The entire Application Amount is payable on submitting the application.					
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 10 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.					
	In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.					
Issue Schedule	The Issue shall be open from December 27, 2018 to January 25, 2019 with an option to close earlier as may be decided by the Board or by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum 30 days from the date of opening of the					

	Issue.
Objects of the Issue	Please see “ <i>Objects of the Issue</i> ” on page 54.
Put/Call Option	None
Details of the utilisation of the proceeds of the Issue	Please see “ <i>Objects of the Issue</i> ” on page 54.
Coupon rate and redemption premium	Please see “ <i>Issue Structure – Terms and Conditions in connection with the NCDs</i> ” on page 115.
Working Day convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Issue Opening Date	December 27, 2018
Issue Closing Date	January 25, 2019*
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed.
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.
Transaction documents	The Draft Prospectus and this Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Secured Debenture Trust Deed, the Unsecured Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/ undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deeds, 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 “ <i>Material Contracts and Documents for Inspection</i> ” on page 244.
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations.
Events of default	Please see “ <i>Terms of Issue - Events of Default</i> ” on page 124.
Cross Default	Please see “ <i>Terms of Issue - Events of Default</i> ” on page 124.
Roles and responsibilities of the Debenture Trustee	Please see “ <i>Terms of Issue - Debenture Trustees for the NCD holders</i> ” on page 123.
Settlement Mode	Please see “ <i>Terms of Issue - Payment on Redemption</i> ” on page 130.
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 Kottayam.

*The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board. In the event of such early closure of subscription list of the Issue, our Company shall ensure that notice of such early closure is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 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, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this Issue of NCDs in dematerialised form. However, In terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of rematerialisation, if the NCDs were originally issued in dematerialised form.



Terms of the NCDs

Tenure	18 months	24 months	36 months		48 months	60 months	84 months	
Nature	Secured						Unsecured	
Options	I	II	III	IV	V	VI	VII	VIII
Frequency of Interest Payment	Monthly	Cumulative	Monthly	Cumulative	Cumulative	Monthly	Monthly	Cumulative
Minimum Application	10 NCDs (₹10,000) (across all options of NCDs)							
In multiples, of	1 NCD after the minimum application							
Face Value of NCDs (₹/NCD)	₹1,000							
Issue Price (₹/NCD)	₹1,000							
Mode of Interest Payment/ Redemption	Through various options available							
Coupon (%) per annum in Category I, II and III	9.50	NA	10.00	NA	NA	10.00	10.25	NA
Coupon Type	Fixed							
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	1,000	1,210	1,000	1,350	1,500	1,000	1,000	2,000
Effective Yield (%) (per annum) – Category I, II and III	9.92	10.00	10.47	10.52	10.67	10.47	10.75	10.41
Put and Call Option	Not Applicable							
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.							

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Option I, III, VI and VII at the following rates of interest in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures			
	18 months Option I	36 months Option III	60 months Option VI	84 months Option VII
Category I, II and III (%)	9.50	10.00	10.00	10.25

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Cumulative bond redemption options

Option II, IV, V and VIII of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)			
	24 months Option II	36 months Option IV	48 months Option V	84 months Option VIII
Category I, II and III	1,210	1,350	1,500	2,000

Our Company shall provide a list of debenture holders of our Company who hold non-convertible debentures in our Company, issued on a private placement basis as on the Issue Opening Date to the Registrar.

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of Payment

The entire face value per NCDs is payable on application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in “*Terms of Issue – Terms of Payment*” on page 128.

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 134.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on October 8, 2018. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution passed at their EGM held on September 29, 2018.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Secured Debenture Trust Deed, the Unsecured Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The Secured NCDs

The Secured 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 on the identified immovable and movable assets of our Company excluding a written down value of furniture and fixtures to the extent of ₹1,081.92 lakhs. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Unsecured NCDs

The Unsecured NCDs would constitute unsecured and subordinated obligations of the Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of our Company, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD holders shall be subordinated to those of the other lenders to our Company, subject to applicable statutory and/or regulatory requirements. Our Company may, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II capital.

Security

The Issue comprises of public issue of Secured NCDs and Unsecured NCDs of face value of ₹1,000 each.

The principal amount of the Secured NCDs to be issued in terms of this Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the Secured NCDs outstanding plus interest accrued thereon, excluding a written down value of furniture and fixtures to the extent of ₹1,081.92 lakhs, and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met.

Our Company will create the security for the Secured NCDs in favour of the Debenture Trustee for the Debenture Holders holding the Secured NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the Secured NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter

into a deed of agreement with the Debenture Trustee, (“**Secured Debenture Trust Deed**”), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the Secured NCDs. Our Company proposes to complete the execution of the Secured Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created.

Under the terms of the Secured Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the Secured NCDs the principal amount on the Secured NCDs on the relevant redemption date and also that it will pay the interest due on the Secured NCDs at the rate specified in this Prospectus and in the Secured Debenture Trust Deed.

The Secured Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the issue proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Secured Debenture Trust Deed, is executed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI Debt 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) Third Amendment Rules, 2016, dated July 19, 2016, further states that ‘the adequacy’ of DRR for NBFCs registered with the RBI under Section 45-1A of the RBI (Amendment) Act, 1997 shall be 25% of the value of outstanding debentures issued through a public issue as per the SEBI Debt Regulations.

Accordingly, our Company is required to create a DRR of 25% of the value of the NCDs, outstanding as on date, issued through this Issue. In addition, as per Rule 18(7)(e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR 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.

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 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, 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 Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, the registered NCD holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD holders for this purpose.
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 21 days' prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of this Prospectus, the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the NCD holders

We have appointed Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) to act as the Debenture Trustees for the NCD holders in terms of Regulation 4(4) of the Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Secured Debenture Trust Deed and an Unsecured Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the Secured NCDs and Unsecured 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.

Events of Default

Subject to the terms of the Secured Debenture Trust Deed and an Unsecured Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deeds:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see “*Issue Procedure*” beginning on page 134.

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, Corporate 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 Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kottayam, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Transfer/ Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/ CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and
- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

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.

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

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition., with effect from April 1, 2019.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given one day prior to such early date of closure through advertisement/s in a leading

national daily newspaper.

Issue Opening Date	DECEMBER 27, 2018 [#]
Issue Closing Date	JANUARY 25, 2019[*]

[#] The subscription list for the Issue shall remain open for subscription up to 5 p.m., with an option for early closure by such period, up to a period of 30 days from the date of Opening of the Issue, as may be decided at the discretion of the Board or the duly authorised committee of Directors of our Company subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure of the Issue is given as the case may be on or before such early date of closure or the initial Closing Date through advertisement/s in a leading national daily newspaper.

^{*}Application and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above by the Members of the Syndicate, Trading Members and designated branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor any Member of the Syndicate, Trading Members or designated branches of SCSBs is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Basis of payment of Interest

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, " - Manner of Payment of Interest / Redemption Amounts " at page 128.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated on page 117, please note that in case the NCDs are transferred and/or transmitted in accordance with the

provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the “**Effective Date**”), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed at page 247.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 18 months from the Deemed Date of Allotment for Option I, 24 months from the Deemed Date of Allotment for Option II, 36 months from the Deemed Date of Allotment for Options III and IV, 48 months from the Deemed Date of Allotment for Option V, 60 months from the Deemed Date of Allotment for Option VI, and 84 months from the Deemed Date of Allotment for Options VII and VIII. 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 Series I, II, III, IV, V, VI, VII and VIII NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all series 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 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 “ - *Procedure for Re-materialization of NCDs*” on page 126.

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 Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, Interest / Redemption Amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.
 - iv. **NEFT:** Payment of interest / redemption 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.
- 2. Registered Post/Speed Post:** For all other NCD Holders, including those who have not updated their bank particulars with the MICR code, the Interest Payment / Redemption Amount shall be paid by way of Interest/ Redemption warrants dispatched through Speed Post/ Registered Post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of Interest/ Redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from

the depositories. In case of NCDs held in physical form on account of rematerialisation, the investors are advised to submit their bank account details with our Company / Registrar at least seven (seven) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the 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 “ - *Payment on Redemption*” on page 130.

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 NCD Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the Registrar.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the 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, with our subsidiaries, if any 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, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

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

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹20 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. ₹ 11,250 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹11,250 lakhs, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before

the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of this 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 Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated December 12, 2018. 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 Series, such Series(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilisation of the proceeds of this Issue. For the relevant quarters commencing from the financial year ending March 31, 2019, our Company will disclose in our quarterly financial statements, 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 PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs.

Applicants should note that they may submit their Application Forms at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e. to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please see “- Submission of Completed Application Forms” on page 147.

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 Prospectus.

Please note that this section has been prepared based on the circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (“Debt Application Circular”) as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI (“Debt ASBA Circular”). The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchanges and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term “Working Day” shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kottayam, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Manager/Syndicate Members;
- (c) the CRTA at the Designated RTA Locations;
- (d) the CDPs at the Designated CDP Locations;
- (e) Trading Members at the Broker Centres; and
- (f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus 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 websites 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 websites of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such websites 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 websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance Companies registered with the IRDA;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual Funds registered with SEBI; and
- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of Persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs.

Category III*

- Resident Indian individuals; and

- Hindu undivided families through the Karta.
** applications aggregating to a value not more than ₹5 lakhs.*

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

- Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Persons resident outside India and other foreign entities;
- Foreign Portfolio Investors;
- Foreign Venture Capital Investors;
- Qualified Foreign Investors;
- Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see “ - *Rejection of Applications*” on page 148 for information on rejection of Applications.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Applicants should submit the Application Form only at the Bidding Centers, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centers, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <https://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead 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 this Issue should be made by Applicants directly to the relevant Stock Exchange.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“**SEBI Circular 2016**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept**

or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("IRDAI"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time including the IRDAI Investment Regulations.

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 (No. 6 of 2009)

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, 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 Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of 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 the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centers, 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/sebiweb/other/OtherAction.do?doRecognised=yes>).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

- (a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this 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 38. **Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions

contained in this Prospectus and the Application Form.

- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.
- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same series or across different series. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected

The series, 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 and Client ID in the Application Form and ensure that the name provided in

the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.**

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) 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 series of NCDs, subject to a minimum application size as specified in this Prospectus and in multiples of thereafter as specified in this 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 ₹10 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form.
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.
4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.
8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.
9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
12. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see “*General Information – Issue Programme*” on page 38.
14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic 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.
15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
16. All Applicants should choose the relevant option in the column “Category of Investor” in the Application Form.
17. Choose and mark the series of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum application size.
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.
3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.
4. Do not submit the Application Form to any non-SCSB bank or our Company.
5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your

relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centers;
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).
16. Do not make an application of the NCD on multiple copies taken of a single form.
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).

Please see “ - *Rejection of Applications*” on page 148 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 Centers, 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/sebiweb/other/OtherAction.do?doRecognised=yes>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	<p>(i) If using <u>physical Application Form</u>, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or</p> <p>(ii) If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.</p>

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

- (a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The 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 38.
- (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
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series 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
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series 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 on page 149 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 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 a duly constituted 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 accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;
- (c) Applications not being signed by the sole/joint Applicant(s);
- (d) Investor Category in the Application Form not being ticked;
- (e) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- (f) Applications where a registered address in India is not provided for the non-Individual Applicants;
- (g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- (h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (i) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- (j) DP ID and Client ID not mentioned in the Application Form;
- (k) GIR number furnished instead of PAN;
- (l) Applications by OCBs;
- (m) Applications for an amount below the minimum application size;
- (n) Submission of more than five ASBA Forms per ASBA Account;
- (o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
- (q) Applications accompanied by Stockinvest/ cheque/ money order/ postal order/ cash;
- (r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
- (t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant
- (u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
- (v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;
- (w) ASBA Applications not having details of the ASBA Account to be blocked;

- (x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;
- (y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- (z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- (aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- (bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (cc) Applications by any person outside India;
- (dd) Applications not uploaded on the online platform of the Stock Exchange;
- (ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- (ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and this Prospectus;
- (gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (hh) Applications providing an inoperative demat account number;
- (ii) Applications submitted to the Designated Intermediaries other than the Collection Centers or at a Branch of a SCSB which is not a Designated Branch;
- (jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
- (kk) Investor Category not ticked;
- (ll) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges 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 ₹15,000 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the ***“Overall Issue Size”***.

Basis of Allotment for NCDs

Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Lead Manager and their respective Affiliates/SCSB (Designated Branch or online acknowledgement));
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the Electronic Book with Stock

Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the allotments would be made to the applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in allotments will be given in the following order:

- (i) Individual Portion
- (ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lakhs;
- (iii) Institutional Portion
- (iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded in to the Electronic Book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion respectively.

Minimum allotment of 1 (one) NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the valid applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(a) Proportionate Allotments: For each Portion, on the date of oversubscription:

- (i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer;
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference;
- (iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner;
- (iv) The total Allotment under Option I to Option VI of the NCDs shall not exceed a value more than ₹26,000 lakhs; and
- (v) The total Allotment under Option VII to Option VIII of the NCDs shall not exceed a value more than ₹4,000 lakhs.

(b) Applicant applying for more than one Options of NCDs:

If an applicant has applied for more than one Options of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such applications received on the date of oversubscription, the option-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for allotment made, our Company in consultation with the Lead Manager will allot the residual NCD (s) in the following order:

- (i) first with monthly interest payment in decreasing order of tenor i.e. Options VII, VI, III and I; and
- (ii) followed by payment on maturity options in decreasing order of tenor i.e. Options VIII, V, IV and II.

Hence using the above procedure, the order of allotment for the residual NCD (s) will be: Options VII, VI, III, I, VIII, V, IV and II.

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 Prospectus.

Our Company would allot Option I NCDs to all valid applications, wherein the applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

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 Prospectus

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue Limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

In case of Applications were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time

of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

Retail Individual Investors (“RII”) can withdraw their Bids until the Bid/ Issue Closing Date. In case an RII wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

- (i) Tripartite agreement dated March 21, 2014 among our Company, the Registrar and CDSL and tripartite agreement dated March 27, 2014 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant’s respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

- (vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Statement by the Board:

- (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; and
- (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 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 Deeds;
- (f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deeds as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and

trading approval from the Stock Exchange;

- (g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies;
- (h) 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) Details of all monies unutilised out of the previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested;
- (j) Details of all monies utilised out of the previous issue made by way of public offer shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.

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 Prospectus;
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report;

Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Prospectus.

Save as disclosed herein below, there are no:

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *pending litigation involving our Company, our Promoter, our Directors, Subsidiaries, Group Companies or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *pending proceedings initiated against our Company for economic offences;*
- *default and non-payment of statutory dues etc.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. 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.

Litigations against our Company

Notices

1. The Deputy Registrar of Companies, Kerala (“**Registrar**”) issued a letter dated January 21, 2014 to our Company calling for information under Section 234 of the Companies Act 1956 (“**Letter**”). The Registrar vide the Letter has inter alia sought for certain information/clarifications i.e. reasons for noncompliance of Section 219, 217(4), 383A. The Registrar has amongst others also sought for copies of register maintained under 301 of the Companies Act 1956. Our Company vide letter dated February 7, 2014 submitted the copies of the relevant documents sought by the Registrar.

Tax Litigations

Direct Tax

1. The Commissioner of Income Tax (Central), Kochi (“**CITK**”) filed a writ petition (c) bearing no. 23856/2013 dated August 28, 2013 (“**Writ Petition**”), before the High Court of Kerala against the order dated March 25, 2013 (“**Order**”) passed by the Income Tax Settlement Commission, Chennai (“**Commission**”) for the assessment years 2004-05 to 2010-11, granting immunity to our Company from penalty and prosecution. Aggrieved by the Order, the Writ Petition was filed by CITK inter-alia on the ground that the Commission has no authority to grant immunity to our Company from penalty and prosecution unless our Company makes full and true disclosure of its income, manner in which it was derived and cooperates with the Commission in the proceedings. The CITK further alleged that the income admitted by our Company was less than the income quantified by the Commission and hence full and true disclosure wasn’t made and thus the Order passed by the Commission was against law. Further, the CITK has prayed for the issuance of writ of certiorari or any other appropriate order quashing the Order to the extent that it granted immunity to our Company from prosecution and penalty. The matter is currently pending.
1. The Assistant Commissioner of Income Tax, Kottayam (“**ACIT**”) passed an order dated December 31, 2016, directing our Company to pay an amount of ₹ 11.64 lakhs as income tax for the Assessment Year 2014-2015. (“**Order**”). The amount was calculated on the basis of depreciation allegedly claimed at higher rates by our Company, an alleged mismatch between sales turnover reported in the audit report and income tax return, and an alleged mismatch between the income/receipt credited to the profit and loss account considered under other heads of income and income from heads of income other than business/profession. Against this Order,

our Company filed an application dated January 16, 2017 before the ACIT for rectification of mistake (“**Application**”) stating that no tax demand should have been raised because the returned income had been accepted by the ACIT. The Application further stated that the errors had occurred due to the fact that the ACIT had calculated interest under Section 234A of the Income Tax Act, 1961 without taking into account the fact that the date for filing the income tax return for the Assessment Year 2014-2015 had been extended to November 30, 2014 as per an order issued by the Ministry of Finance, Government of India. Further, the ACIT had also not considered the fact that the due date for the payment of advance tax for the third quarter had been extended to December 17, 2013, and had calculated interest under Section 234B and 234C of the Income Tax Act, 1961 without considering the amount of ₹ 175 lakhs that had been paid as advance tax by our Company on December 17, 2013. Subsequently, our Company received a demand notice from the ACIT demanding ₹3.91 lakhs after rejecting the application for rectification submitted by our Company pursuant to which our Company filed an appeal dated August 10, 2018 against the demand notice dated July 31, 2018. The matter is currently pending.

2. The Commissioner of Income Tax (Central), Kochi (“**CIT**”) passed an order dated November 30, 2016 under Section 263 of the Income Tax Act, 1961 (“**IT Act**”) directing the Assistant Commissioner of Income Tax, Central Circle, Kottayam (“**AO**”) to verify a deduction amounting to ₹1,23,07,446 claimed by the Company towards discount allowed to debenture holders during the AY 2012-13. The Assistant Commissioner of Income Tax, Central Circle, Kottayam (“**AO**”) passed an assessment order dated August 31, 2017 under Section 263 of the IT Act (“**Order**”) giving effect to the direction of the CIT in relation to deduction amounting to ₹1,23,07,446 claimed by the Company towards discount allowed to debenture holders during the AY 2012-13. In the Order, the AO disallowed the deduction on the grounds that certain debenture holders (out of the list of entire debenture holders) had not confirmed the debenture subscription in a prescribed proforma sent to them, as notices under Section 133(6) of the IT Act and in certain cases, as summons under Section 131 of the IT Act and some debenture holders who were served notices and summons did not respond at all. Further the Order also states that there was an instance of a cash deposit of ₹20,00,000 on November 26, 2011, in the Company’s bank account with Kilimanoor branch which has been accounted by the Company towards subscription of debentures. The subscription amount relating to all these debenture holders aggregating to ₹33,66,40,000 was added to the income of the Company under Section 68 of the IT Act, and consequently, a demand of ₹18,95,72,090 was raised on the Company. The Company has filed an appeal dated September 28, 2017 before the Commissioner of Income Tax (Appeals) (“**CIT – A**”) challenging the Order on inter-alia grounds that the assessment order is violative of principles of natural justice, additions made under Section 68 were beyond jurisdiction of the AO as well as grounds on merits justifying the claim of deduction of expenditure. Separately, the Company approached the High Court of Kerala (“**High Court**”) requesting for stay of demand. The High Court has passed an order dated September 12, 2017 directing the CIT – A to decide the stay application within two months of receipt of a certified copy of the High Court order. The CIT- A passed an order dated December 27, 2017 granting a stay on recovery of the demand amount. The matter is currently pending.
3. The Commissioner of Income Tax (Central) Kochi filed a writ petition bearing no. 23149/2013 (“**Writ Petition**”), before the High Court of Kerala against the order dated March 25, 2013 (“**Order**”) passed by the Income Tax Settlement Commission, Chennai (“**Commission**”) for the assessment years 2004-05 to 2010-11, granting immunity to our Group Company, Kosamattam Mathew K. Cherian Financiers Private Limited (“**MKC Finance**”) (since then merged with our Company vide an order of the NCLT dated June 26, 2018) from penalty and prosecution. Aggrieved by the Order, the Writ Petition was filed by CITK inter-alia on the ground that the Commission has no authority to grant immunity to MKC Finance from penalty and prosecution unless MKC Finance makes full and true disclosure of its income, manner in which it was derived and cooperates with the Commission in the proceedings. The CITK further alleged that the income admitted by MKC Finance was less than the income quantified by the Commission and hence full and true disclosure wasn’t made and thus the Order passed by the Commission was against law. Further, the CITK has prayed for the issuance of writ of certiorari or any other appropriate order quashing the Order to the extent that it granted immunity to MKC Finance from prosecution and penalty. The matter is currently pending.
4. A notice for hearing dated April 15, 2016 was issued by the Assistant Commissioner of Income Tax, Central Circle, Kottayam (“**Authority**”) to verify the sale consideration of the property purchased by Mathew K. Cherian Financiers Private Limited (“**MKC Finance**”) (since then merged with our Company vide an order of the NCLT dated June 26, 2018) disclosed in its income tax return, less than the actual sale consideration of the property as reported in the annual returns and the alleged mismatch in the amount paid to related persons under section 40A(2)(b) reported in the audit report and income tax return. Thereafter, MKC Finance submitted a response dated July 10, 2017 stating that tax has been paid at the maximum taxable rate and that

there is no mismatch in the amount paid. Subsequently, the Authority issued an order dated October 30, 2017 against MKC Finance initiating proceedings under section 271(1)(c) for concealment of income and demanding payment to the tune of ₹93,78,780 for the assessment year 2015-16. Thereafter, MKC Finance filed an appeal dated November 25, 2017 before the Commissioner of Income Tax (Appeals)-III, Kochi. The matter is currently pending.

Indirect Tax

1. The Office of the Commissioner of Central Excise and Customs, Cochin (**“Authority”**) has issued a show cause notice bearing no. V/ST/15/154/2015 ST Adj dated April 21, 2015 (**“SCN”**) to our Company calling upon our Company to show cause as to why a sum of ₹4,384.86 lakhs should not be included in the value of the taxable service rendered by our Company for a period from April 1, 2013 to March 31, 2014, the differential service tax amounting to ₹526.18 lakhs, education cess amounting to ₹10.52 lakhs and higher education cess of ₹5.26 lakhs should not be demanded and recovered from our Company, under Section 73(1) of the Finance Act, 1994 (**“Act”**). Also, our Company was asked to show cause as to why applicable interest under Section 75 of the Act and penalty under Section 76, 77(2) and 78 should not be imposed on our Company. In the SCN the Authority contended that our Company undertook rail and bus ticket bookings and had charged amounts as token and postage charges, further our Company also received commission for doing agency business for insurance companies in addition to receiving commission from M/s Wall Street Finance Limited for acting as their sub-representatives for the purpose of offering money transfer services. Our Company vide a letter dated July 1, 2015 replied to the SCN wherein we have justified that no service tax is payable on the risk interest/token charges/postage charges and on commission received on insurance and money transfer services. The Authority vide an order dated March 15, 2016 (**“Order”**) confirmed the demand of ₹5,26,18,392 as service tax, ₹10.52 lakhs as education cess and ₹5.26 lakhs as higher education cess thereby aggregating our total tax liability to ₹5,41,96,943 along with a penalty of ₹5,42,06,943 being imposed on our Company. Against the Order, our Company preferred an appeal dated August 16, 2016 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore (**“Tribunal”**), wherein our Company in its prayer has requested the Tribunal to set aside the Order. The matter is currently pending.
2. Our Company filed an appeal bearing no. 105/ST/CHN/2011 dated June 8, 2011 (**“Appeal”**) before the Commissioner of Central Excise and Service Tax (Appeals), Cochin challenging the order-in-original no. 39/2011-ST dated March 14, 2011 (**“Order”**) passed by the Joint Commissioner of Central Excise and Customs (**“Authority”**) for the assessment years September 2004 to September 2008. The Directorate General of Central Excise Intelligence, Bangalore had issued a show cause notice number 30/2009-10 dated July 20, 2009 (**“SCN”**) to our Company alleging evasion of service tax and education cess and called upon our Company to show cause to the Authority as to why an amount of ₹39.99 lakhs towards service tax, ₹0.79 lakhs towards education cess and ₹0.24 lakhs towards secondary higher education cess along with interest and penalty under the Finance Act 1994 should not be demanded from our Company. The SCN was heard and the issue was adjudicated by the Authority vide its Order which confirmed the proposal contained in the SCN, resulting in the demand of service tax of ₹41.04 lakhs along with interest and penalties. The Appeal was filed inter-alia on the grounds that the disputed taxable amount is only interest received on Gold Loan which is eligible for exemption from payment of service tax. Also, the money transfer services rendered by our Company represent export of service on which levy of service tax is not legally sustainable. Our Company has prayed that the Order be set aside. The matter was decided against our Company by the Office of the Commissioner of Central Excise, Customs and Service Tax (Appeals-I), vide an order dated September 9, 2016, wherein the penalty passed by the Authority was upheld (**“Order-II”**). Our Company preferred an appeal dated December 19, 2016 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore (**“CET-AT”**), wherein our Company in its prayer has requested the CET-AT to set aside Order-II and the penalties imposed under the Order. The matter is currently pending.
3. The Office of the Commissioner of Central Excise and Customs, Cochin (**“Authority”**) has issued a show cause notice no. 196/2013/ST dated October 15, 2013 (**“SCN”**) to our Company alleging evasion of service tax, education cess and higher education cess for the period from December 1, 2011 to March 31, 2012. The SCN called upon our Company to show cause as to why the service tax amounting to ₹233.09 lakhs, education cess amounting to ₹4.66 lakhs and higher education cess of ₹2.33 lakhs along with interest and penalty should not be demanded and recovered from our Company. We have submitted our reply dated December 13, 2013 wherein we have justified that no service tax is payable on the risk interest/token charges/postage charges and on commission received on money transfer services. Subsequently, the Commissioner of Central Excise, Customs and Service Tax vide order dated December 26, 2014 (**“Order”**) confirmed the demand and disposed of the SCN. Our Company has filed an appeal dated March 31, 2015 with Customs Excise and Service Tax

Appellate Tribunal, Bangalore. The matter is currently pending.

4. Our Company received a show cause notice No. 131/2014/ST dated May 12, 2014 (“**Notice**”) from the Office of the Commissioner of Central Excise, Customs and Service Tax, Cochin. The Authority vide Notice demanded our Company to show cause as to why the differential service tax amounting to ₹221.60 lakhs, education cess amounting to ₹4.43 lakhs and secondary and higher education cess of ₹2.22 lakhs not paid under the service category “Banking & other Finance Services” for the period April 01, 2012 to June 30, 2012 should not be demanded and recovered from them under Section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹0.01 lakhs, education cess of ₹299 and secondary and higher education cess of ₹149 not paid under the service category Rail Travel Agents Services for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under Section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹562, education cess of ₹11 and secondary and higher education cess of ₹6 not paid under the service category Travel Agents for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under Section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹0.23 lakhs, education cess of ₹462 and secondary and higher education cess of ₹231 not paid under the service category Business Auxiliary Services for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under Section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹1.46 lakhs, education cess of ₹2,923 and secondary and higher education cess of ₹1,462 not paid under the service category Business Auxiliary Services for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under Section 73 (1) of the Finance Act, 1994. Further, why separate penalties should not be imposed under the provisions of Section 76 and 77 of the Finance Act, 1994. Our Company replied to the Notice vide letter dated June 18, 2014. Subsequently, the Commissioner of Central Excise, Customs and Service Tax vide order dated December 26, 2014 (“**Order**”) confirmed the demand and disposed of the SCN. Our Company has filed an appeal dated March 31, 2015 with Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.
5. The Office of the Commissioner of Central Excise and Customs, Cochin (“**Authority**”) issued a Show Cause Notice bearing No. 228/2013/ST dated October 24, 2013 (“**SCN**”) to our Company. The SCN called upon our Company to show cause as to why ₹65,79,78,920 should not be included in taxable value under the head ‘Banking and Financial Services’, and an amount of service tax amounting to ₹6,62,52,174, education cess of ₹13,25,044 and higher education cess of ₹6,62,527 under the head of ‘Banking & other financial service’ for the period of October 2008 to November 2011 should not be demanded and recovered from our Company, the differential service tax amounting to ₹50,728, education cess amounting to ₹1,015 and higher education cess of ₹507 under the service category ‘Rail Travel Services’ for the commission received for the period 2009-10 to November 2011 should not be demanded and recovered from our Company, the differential service tax amounting to ₹13,42,864, education cess amounting to ₹26,857 and higher education cess of ₹13,429 under the service category ‘business auxiliary services’ for the period October 2008 to November 2011 and differential tax of ₹815, education cess of ₹16 and higher education cess of ₹8 under the head of ‘Travel agent service’ for the period of November 2010 to November 2011 should not be demanded and recovered from our Company, an amount of ₹1,31,23,879 received as commission on money transfer should not be included in the taxable value under the category ‘Business Auxiliary Services’, the amount of ₹13,42,864 being the service tax on the commission along with education cess for the period from October 2008 to November 2011 should not be demanded and recovered from our Company along with interest and penalty. Subsequently, the Authority vide order dated December 26, 2014 confirmed the demand and disposed of the SCN. Our Company has filed an appeal dated March 31, 2015 with Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.
6. The Office of the Commissioner of Central Excise and Customs, Cochin (“**Authority**”) issued a Show Cause Notice bearing No 211/2014/ST dated September 30, 2014 (“**SCN**”). The SCN called upon our Company to show cause as to why, service tax and education cess amounting to ₹9,72,89,472 for services rendered for the period of July 1, 2012 to March 31, 2013, should not be included in taxable value under the head ‘Banking and Financial Services’ including risk interest, token charges and postage charges, business auxiliary service, on money transfer activities, air travel agent, rail travel agent and other travel agent’s services. Subsequently, the Authority vide order dated March 18, 2016 (“**Order**”) confirmed the demand of the outstanding tax liability of ₹9,72,89,472 along with levying a total penalty of ₹97,38,000. Against the Order, our Company preferred an appeal dated August 16, 2016 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore (“**Tribunal**”), wherein our Company in its prayer has requested the Tribunal to set aside the Order. The matter is currently pending.
7. The Office of the Commissioner of Central Excise and Customs, Cochin (“**Authority**”) issued a Show Cause

Notice bearing No. 224/2016/ST, C. No. V/ST/15/190/2016-STAdj dated April 22, 2016 (“**SCN**”). The SCN called upon our Company to show cause as to why a sum of ₹71,92,42,179 collected in excess of 18% per annum from the gold loan customers, accounted as interest on gold loan account, ₹ 76,06,355 accounted as token charges and ₹53,67,330 accounted as postage charges, should not be included in the value of taxable services rendered by them during the period from April 1, 2014 to March 31, 2015 (“**Taxable Period**”). Our Company was asked to show cause as to why a service tax amounting to ₹8,78,65,904, education cess of ₹17,57,318 and secondary higher education cess of ₹8,78,660 in the Taxable Period should not be levied. Our Company filed a reply to the SCN, dated May 21, 2016. The matter is currently pending.

8. The Office of the Commissioner of Central Excise and Customs, Cochin (“**Authority**”) issued a Show Cause Notice bearing No. 01/2016/ST (R) C. No IV/10/15/KF/2015-ST(R) dated February 19, 2016 (“**SCN**”). The SCN called upon our Company to show cause, as to why the refund of ₹4,95,564 claimed for services provided to the Mobile Telephone Switching Office (“**MTSOs**”) during the period covered in the Notification No. 19/2015 ST dated October 14, 2015, issued under Section 11C of Central Excise Act, 1944 should not be rejected. Subsequently, the Authority vide order dated March 31, 2016 rejected the claim for refund of ₹4,95,564 (“**Order**”). Our Company filed an appeal dated June 4, 2016, against the Order, before the Commissioner of Central Excise and Customs (Appeals), Cochin (“**Appeal**”). The Appeal was rejected vide an order dated July 27, 2018 (“**Order II**”). Subsequently, our Company filed an appeal dated October 26, 2018 against Order II before the Assistant Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.
9. The Office of the Inspecting Assistant Commissioner (Intelligence Branch), Commercial Taxes, Kottayam (“**Authority**”) issued a Show Cause Notice bearing No. IBK/2/1/15-16 dated August 30, 2016 (“**SCN**”). The SCN called our Company to show cause as to a penalty of ₹ 1,17,90,000 should not be charged for evading Tax Deductible at Source (“**TDS**”), which was allegedly due under The Kerala Value Added Tax Act, 2003 (“**KVAT**”) towards work contracts entered into with various dealers toward setting up wind mills. Our Company filed a reply dated October 06, 2016 to this SCN, stating that TDS under Section 10 of the KVAT, as claimed by the Authority, would be applicable only to a works contract. Our Company claims that the contracts entered into with the dealers are in the nature of divisible contracts, not work contracts, and therefore Section 10 of the KVAT would be inapplicable. Our Company also claimed that in case of inter-state transactions, the KVAT would be inapplicable. The State Tax Officer, Kottayam passed an order dated July 19, 2018 imposing a penalty of ₹83,35,666 under Section 67(1) of the KVAT for evasion of tax. The matter is currently pending.
10. The Commercial Tax Inspector, Commercial Tax Check Post, Cumbummettu (“**Inspector**”), intercepted a vehicle belonging to our Company, which were loaded with windmill flour foundation parts and found certain discrepancies in the documents presented at the spot. Being dissatisfied the Inspector issued a notice under Section 47 of the Kerala Value Added Tax Act, 2003 questioning the genuineness of the documents provided and alleged an attempt to evade taxation. The Inspector demanded security deposit of ₹2,90,000 pending disposal of the matter. Thereafter the matter was transferred to the Office of the Intelligence Officer, Squad No. IV, Commercial Taxes, Kottayam (“**Authority**”) who on account of the failure of the consignee to appear before the Authority, passed an order dated November 25, 2016 (“**Order**”) converting the security deposit amount of ₹2,90,000 into a penalty. Our Company has filed an appeal against the Order before the Deputy Commissioner (Appeals), Department of Commercial Taxes, Kottayam. The matter is currently pending.
11. The Intelligence Inspector, Commercial Tax Idukki at Kattappana (“**Inspector**”), intercepted a vehicle belonging to our Company, which were loaded with windmill flour foundation parts and found certain discrepancies in the documents presented at the spot. Being dissatisfied the Inspector issued a notice dated May 2, 2017 under Section 47 of the Kerala Value Added Tax Act, 2003 questioning the genuineness of the documents provided and alleged an attempt to evade taxation. The Inspector demanded security deposit of ₹159,450. Subsequently, the Intelligence Officer, Squad No. IV, Commercial Taxes, Kottayam (“**Enquiry Officer**”), converted the security deposit into penalty vide order dated 28 June 2017 under Section 47 read with Rule 67 of the KVAT Act (“**Order**”), on grounds that our Company could not produce enough evidence to establish their claim and therefore attempted tax evasion is well proved. Being aggrieved by the Order, our Company filed an appeal dated 23 October 2017 before the Deputy Commissioner (Appeals) Department of Commercial Taxes, Kottayam, against the penalty of ₹159,450 imposed by the Enquiry Officer. The matter is currently pending.
12. The Commercial Tax Inspector, Commercial Tax Check Post at Kottayam (“**Inspector**”), intercepted three vehicles belonging to our Company, transporting windmill devices to Idukki district and found certain

discrepancies in the documents presented. Being dissatisfied, the Inspector issued notices for each vehicle dated March 30, 2015 under Section 47 of the Kerala Value Added Tax Act, 2003 questioning the genuineness of the documents provided and alleged an attempt to evade taxation. The Inspector demanded a security deposits of ₹1.13 lakhs from each vehicle. Subsequently, the Intelligence Officer, Squad No. I, Commercial Taxes, Kottayam (“**Enquiry Officer**”) converted the security deposits into penalty *vide* order dated December 5, 2017 (“**Order**”) on grounds of attempted tax evasion. Being aggrieved by the Order, our Company filed an appeal dated January 18, 2018 before the Deputy Commissioner (Appeals) Department of Commercial Taxes, Kottayam (“**Court**”) against the penalty of ₹1.13 lakhs imposed on each vehicle by the Enquiry Officer. Subsequently, the Court *vide* order dated July 4, 2018 remanded back the penalty orders to the Enquiry Officer for a detailed enquiry and fresh disposal. The matter is currently pending.

13. The Intelligence Inspector, Squad VI, Idukki at Kumily (“**Inspector**”), intercepted two vehicles belonging to our Company, loaded with wind mill devices and found certain discrepancies in the documents in support. Subsequently, the Inspector issued a notice dated May 30, 2016 under Section 47 of the Kerala Value Added Tax Act, 2003 (“**KVAT Act**”) pointing out certain defects in the documents and demanded a security deposit of ₹1.4 lakhs each. Subsequently, the Intelligence Officer, Commercial Taxes, Kottayam (“**Enquiry Officer**”), converted the security deposit into penalty *vide* order dated December 20, 2017 under Section 47(6) read with Rule 67 of the KVAT Act (“**Order**”), alleging that the intention of our Company was to resell the goods and evade payment of tax. The matter is currently pending.
14. The Intelligence Inspector, Squad VI, Idukki at Kumily (“**Inspector**”), intercepted a vehicle belonging to our Company, loaded with wind mill devices and found certain discrepancies in the documents in support. Subsequently, the Inspector issued a notice dated June 29, 2016 under Section 47 of the Kerala Value Added Tax Act, 2003 (“**KVAT Act**”) pointing out certain defects in the documents and demanded security deposit of ₹2.7 lakhs. Subsequently, the Intelligence Officer, Commercial Taxes, Kottayam (“**Enquiry Officer**”), converted the security deposit into penalty *vide* order dated December 20, 2017 under Section 47(6) read with Rule 67 (7) of the KVAT Act (“**Order**”), alleging that the intention of our Company was to resell the goods and evade payment of tax. The matter is currently pending.
15. The Intelligence Inspector, Squad VI, Idukki at Kumily (“**Inspector**”), intercepted a vehicle belonging to our Company, loaded with wind mill devices and found certain discrepancies in the documents in support. Subsequently, the Inspector issued a notice dated May 25, 2016 under Section 47 of the Kerala Value Added Tax Act, 2003 (“**KVAT Act**”) pointing out certain defects in the documents and demanded security deposit of ₹1.9 lakhs. Subsequently, the Intelligence Officer, Commercial Taxes, Kottayam (“**Enquiry Officer**”), converted the security deposit into penalty *vide* order dated December 20, 2017 under Section 47(6) read with Rule 67 (7) of the KVAT Act (“**Order**”), alleging that the intention of our Company was to resell the goods and evade payment of tax. The matter is currently pending.
16. Our Company has received a show cause notice bearing no. 59/2017-18 ST (Commr) dated March 8, 2018 (“**Notice**”) from the Office of the Commissioner of Central GST and Central Excise, Thiruvananthapuram (“**Authority**”). The Notice was issued by the Authority notifying our Company of being in violation of Section 68 and 70 of the Finance Act, 1994 read with Service Tax Rules 1994 (“**Act**”) and directing that services provided to customers from April 1, 2015 to March 31, 2016 for which our Company received consideration, should be treated as taxable service along with the amount to the tune of ₹10,86,11,918 being the leviable service tax, amount to the tune of ₹2,07,516 being the leviable education cess and amount to the tune of ₹1,03,758 being the secondary and higher education cess and amount to the tune of ₹11,30,494 being the Swatch Bharat Cess totalling to ₹11,00,53,686, along with imposition of penalty and interest being recoverable from our Company. Our Company replied to the Notice *vide* a letter dated May 5, 2018. Subsequently, the Commissioner of Central GST and Central Excise (“**Commissioner**”) *vide* its order dated July 6, 2018 confirmed the demand of ₹ 1,28,349 imposed penalty aggregating to ₹22,835 and dropped further proceedings initiated in the Notice (“**Order**”). Our Company has filed an appeal dated October 8, 2018 against the Order, to set aside the impugned Order (“**Company Appeal**”). The Review Committee of Chief Commissioners reviewed the Order and passed a review order dated November 14, 2018 (“**Review Order**”) directing the Commissioner Central Tax and Central Excise, Thiruvananthapuram to file an appeal against the Order and accordingly the Commissioner Central Tax and Central Excise, Thiruvananthapuram filed an appeal dated November 27, 2018 (“**Department Appeal**”) before the Customs, Excise & Service Tax Appellate Tribunal, Bangalore Bench (“**CESTAT**”) along with an application for condonation of delay in filing of the Department Appeal. Both the Company Appeal and the Department Appeal in the matter are currently pending.

17. In furtherance to the show cause notice bearing number C. No. V/ST/15/194/2014 ST Adj 828/14 dated May 22, 2014, The Commissioner of Central Excise, Customs and Service Tax, Cochin vide an order bearing no. COC-EXCUS-0000COM-075/14-15 dated February 27, 2015 (“**Order**”) directed Kosamattam Mathew K Cherian Financiers (P) Limited (“**MKC Finance**”) (since then merged with our Company vide an order of the NCLT dated June 26, 2018) that on account of charging risk interest, token charges, postage and other expenses over and above the rate of 18% interest on gold loan, which was held to be includible in the value of the taxable service. Therefore in contravention of Section 68, 69, 70 and 78 of Finance Act, 1994 (“**Act**”), read with Rule 6 of Service Tax Rules, 1994 (“**Rules**”) and other applicable provisions, MKC Finance was directed to pay an amount to the tune of ₹139.10 lakhs towards unpaid service tax, along with ₹2.78 lakhs being the education cess, ₹1.39 lakhs being the secondary and higher education cess, total amounting to ₹143.28 lakhs with interest and penalty of ₹0.10 lakhs while providing “Banking & other Finance Services” for the period April, 2009 to June, 2012. MKC Finance has preferred an appeal no. ST/21302/2015-DB dated June 9, 2015 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore (“**Tribunal**”) against the Order (“**Appeal**”) praying for the Order to be set aside and the amount of ₹139.10 lakhs be included in the taxable value under ‘Banking and Financing Services’ in terms of Section 67 of the Act read with Rule 6 of the Rules along with setting aside the imposition of penalty and other demands. The matter is currently pending before the Tribunal.
18. Kosamattam Mathew K Cherian Financiers (P) Limited (“**MKC Finance**”) (since then merged with our Company vide an order of the NCLT dated June 26, 2018) has received a show cause notice bearing no. 106/2015/ST dated April 20, 2015 (“**Notice**”) from the Office of the Commissioner of Central Excise and Customs, Cochin (“**Authority**”). The Notice was issued notifying MKC Finance of being in violation of Section 68, 69 and 70 of the Finance Act, 1994 read with Service Tax Rules 1994 (“**Act**”) and directing that services provided to customers from April 1, 2013 to March 31, 2014 for which MKC Finance received consideration, is to be treated as taxable service along with the amount to the tune of ₹36,87,087 being the leviable service tax, amount to the tune of ₹73,742 being the leviable education cess and amount to the tune of ₹36,871 being the secondary and higher education cess on the taxable value of ₹3,07,25,720, along with imposition of penalty and interest is recoverable from MKC Finance. MKC Finance replied to the Notice vide a letter dated July 2, 2015. The Authority passed an order dated December 29, 2015 confirming the demand along with levying penalties of ₹3,79,770 for failure to pay service tax and ₹10,000 under Section 77 of the Act. Our Company filed an appeal bearing number ST/20869/2016-DB dated May 31, 2016 before the Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.
19. Kosamattam Mathew K Cherian Financiers (P) Limited (“**MKC Finance**”) (since then merged with our Company vide an order of the NCLT dated June 26, 2018) has received a show cause notice bearing no. 307/2014/ST dated October 27, 2014 (“**Notice**”) from the Office of the Commissioner of Central Excise and Customs, Cochin (“**Authority**”). The Notice was issued notifying MKC Finance to show cause as to why the services provided by them to their customers from July 1, 2012 to March 31, 2013 for which MKC Finance received consideration should not be considered to be services as defined under Section 65B(44) and 65B(51) of the Finance Act, 1994 read with Service Tax Rules 1994 (“**Act**”) and consequently be subject to a levy of ₹64,35,399 as service tax, ₹1,28,708 as education cess and ₹64,354 as secondary and higher secondary cess on the taxable value of ₹5,36,28,323. Our Company replied to the Notice vide a letter dated December 6, 2014. The Authority passed an order dated December 29, 2015 confirming the demand along with levying penalties of ₹6,62,846 for failure to pay service tax and ₹10,000 under Section 77 of the Act. Our Company filed an appeal bearing number ST/20869/2016-DB dated May 31, 2016 before the Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.
20. Kosamattam Mathew K Cherian Financiers (P) Limited (“**MKC Finance**”) (since then merged with our Company vide an order of the NCLT dated June 26, 2018) has received a show cause notice bearing no. 61/2017-18 ST (JC) dated February 22, 2018 (“**Notice**”) from the Office of the Commissioner of Central GST and Central Excise, Thiruvananthapuram (“**Authority**”). The Notice was issued notifying MKC Finance of being in violation of Section 68 and 70 of the Finance Act, 1994 read with Service Tax Rules 1994 (“**Act**”) and directing that services provided to customers from April 1, 2015 to March 31, 2016 for which MKC Finance received consideration, is to be treated as taxable service along with the amount to the tune of ₹58,30,204 being the leviable service tax, amount to the tune of ₹6,394 being the leviable education cess and amount to the tune of ₹3,197 being the secondary and higher education cess and amount to the tune of ₹88,295 being the Swatch Bharat Cess totalling to ₹59,28,090 on the taxable value of ₹4,20,24,875, along with imposition of penalty and interest is recoverable from MKC Finance. MKC Finance replied to the Notice vide a letter dated May 5, 2018. Subsequently, the Authority vide its order dated July 16, 2018 demanded ₹6,424 being the leviable service tax, amount to the tune of ₹128 being the leviable education cess and amount to the

tune of ₹64 being the secondary and higher education cess along with penalty aggregating to ₹1,162. Our Company has filed an appeal dated October 10, 2018 against the order of the Authority to set aside the impugned Order, demand of service tax and interest and the penalty levied. The matter is currently pending.

Criminal Cases

1. Ashwin Krishna, represented through his sister Dhanya, (“**Complainant**”) has filed a petition dated November 18, 2016 (“**Petition**”) against Shyamla Vattaparambil (“**Defendant I**”) and the branch manager of the branch of our Company located at Pivarom in Ernakulam (“**Defendant II**”) before the court of the Judicial Magistrate, First Class, at Piravom (“**Court**”), under Section 190 and 200 of the Code of Criminal Procedure 1973 praying for the Court to take evidence and forward the Petition to the sub inspector of police, Piravom police station under Section 156(3) of the Code of Criminal Procedure, 1973. The Complainant alleged that Defendant II had colluded with Defendant I to fraudulently release the funds lying in the fixed deposit account of the Complainant’s father, of which the Complainant was the sole beneficiary, to the account of Defendant I without giving notice to the Complainant. The Complainant further alleged that a legal notice had been sent to Defendant II by the Complainant on October 1, 2016, which had received no response from Defendant II. The matter is currently pending.

Civil Cases

1. K.V. Chakrvarthi, Enquiry Officer (“**Authority**”) issued summons dated December 16, 2014 (“**Summons**”) to our Company’s branch managers of the Madukkarai branch, Othakamandapam Branch and Kuruchi Branch directing our Company to hand over the possession of allegedly misappropriated jewels of the member/public who mortgaged the said jewels in K.746 Othakamandapam Chittipalayam Primary Agriculture Cooperative Society Limited and which were allegedly misappropriated and re-mortgaged with our Company. The Authority issued another summon dated December 19, 2014 (“**Summons 1**”) to our Company stating that non-compliance of the Summons will attract legal action as per law. Subsequently, the Authority filed a suit in the Court of Judicial Magistrate No. IV, where the court directed the branch managers to deliver the possession of the said jewels (“**Order**”). The Authority on December 23, 2014 seized 1358.8 grams of gold worth ₹26,80,900/- from the Madukkarai branch, 2996.7 grams of gold worth ₹59,89,100/- from the Othakamandapam Branch and 727.8 grams of gold worth ₹14,26,600/- from the Kuruchi Branch. Our Company has filed a complaint dated January 12, 2015 with the Deputy Registrar of Co-operative society, against the Authority and the seizure of the said jewels. Our Company preferred an appeal against the Order, vide a writ petition dated November 23, 2015 (“**Writ Petition**”) against the branch manager of Muthoot Finance, Sundapuram Branch, the branch manager of Muthoot Finance, Kinathukadavu Branch, the branch manager of Muthoot Finance, Malumichampatti Branch, and the Authority, stating that the Order was against the order of natural justice and that the appointment of the Authority was bad in law. The Writ Petition therefore prayed for a stay on all proceedings of the Order. The matter is presently pending.
2. Lakshminarayan (“**Plaintiff**”) filed a petition dated July 5, 2018 bearing number O.S. No. 78 of 2018 (“**Petition**”) against our Company before the Sub Judge’s Court, Kottayam (“**Court**”) under Section 26 read with Order VII Rule 1 of the Code of Civil Procedure, 1908 praying for the realisation of ₹10,15,826 with interest, realisation of costs from the suit and any other relief the Court deems fit. It was alleged that our Company along with the turn key contractor Shriram EPC Limited colluded to avoid payment of cost to the Plaintiff for the new private road constructed as well as cost by settlement of contractual obligations. Additionally it was alleged that our Company defaulted in payment commitments in connection with the civil works contract citing reasons of violation of the date of completion of the project and terminating the civil works contract extended to the Plaintiff. The matter is currently pending.
3. Khalid Kutty (“**Plaintiff**”) filed a petition dated October 15, 2018 against our Company before the Debt Recovery Tribunal, Ernakulam under Section 7 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 (“**SARFAESI Act**”) praying that our Company and Shriram EPC Limited are in violation of the guidelines issued by the Reserve Bank of India for initiating action against the Plaintiff under the SARFAESI Act therefore the proceedings initiated against the Plaintiff to be set aside. The matter is currently pending.
4. Insight Project Management Consultants (“**Plaintiff**”) filed a plaint dated November 28, 2014 against Shriram EPC and our Company (“**Defendants**”) before the Munsiff’s Court, Kottayam (“**Court**”) under Section 26, Order VII Rule 1 of the Civil Procedure Code, 1908 (“**CPC**”) praying inter alia for granting a permanent prohibitory injunction and restraining the Defendants from recovering possession of the disputed property by

force. The Plaintiff subsequently filed an affidavit dated October 1, 2017 under Order VI Rule 17 of the CPC to amend the plaint incorporating relief of damages to the tune of ₹41.45 lakhs (“**Amended Plaint**”). Thereafter, the Court passed an order dated July 16, 2018 (“**Order**”) dismissing the Amended Plaint. Subsequently, the Plaintiff filed a petition dated August 14, 2018 against the Defendants (“**Petition**”) before the High Court of Kerala against the Order of the Court. Our Company has filed a written statement dated October 29, 2018 against Petition. The matter is currently pending.

Labour Cases

1. The District Labour Officer, Kozhikode (“**Authority**”), vide letter dated February 2, 2016, informed our Company of the complaint filed by P. Chandran (“**Petitioner**”) regarding the alleged refusal of employment by our Company. Our Company in its reply to the Authority stated that the Petitioner was at no point an employee of the Company. The matter was referred to the Labour Court, Kozhikode, (“**Labour Court**”) An *ex parte* award was issued by Labour Court on July 4, 2018 (“**Award**”) stating that there is no industrial disputes subsists between the parties pending adjudication. Subsequently, the Petitioner filed a petition before the Labour Court to set aside the Award pursuant to which the Labour Court issued summons against the Petitioner on September 19, 2018. The matter is currently pending.
2. Bhabitha P. (“**Applicant**”), filed a complaint before the Controlling Authority under the Payment of Gratuity Act, 1972 (Deputy Labour Commissioner), Kozhikode (“**Authority**”). The Applicant alleged that she was entitled to gratuity from the Company under the Payment of Gratuity Act, 1972. Our Company refuted this claim, by filing a written statement on the application claiming the Applicant has not completed five years of uninterrupted service and therefore is not eligible for gratuity. The matter is currently pending.
3. The Assistant Labour Office, Nedumkadam (“**Authority**”) conducted an inspection at our branch at Nedumkadam and issued an inspection report dated February 22, 2017 which recorded a failure on our Company’s behalf to disburse the salary through the wages protection system (“**WPS**”). Subsequently, the Authority issued a show cause notice to our Company, bearing reference no.72/2017, dated April 20, 2017 (“**SCN**”), under the Kerala Shops and Commercial Establishment Act, 1960. Through the SCN the Authority directed our Company to submit certain documents and appear before the Authority. In response to the SCN, our Company filed a reply dated May 12, 2017 (“**Reply**”) which contended that the Labour Department has recently implemented a new IT enabled system of wage disbursement through which wages are transferred to the respective employee’s bank account. The Non-Banking Finance Companies Welfare Associations obtained a stay order dated April 12, 2017 from the High Court of Kerala (“**High Court**”) against the implementation of the WPS in their member companies. Our Company in its submission has informed the same to the Authority along with submitting copies of the stay order. However, the Authority refused to accept our Company’s contention proceeded with the matter. Subsequently, our Company filed an application dated August 29, 2017, before the High Court for a stay on the proceedings before the Court of the Judicial First-Class Magistrate Nedumkadam (“**Court**”). The High Court *vide* order dated August 29, 2017 granted a stay on further proceedings before the Court. The matter is currently pending.
4. Anil Kumar G.P (“**Applicant**”) filed an application dated June 8, 2017 before the Controlling Authority under the Payment of Gratuity Act, 1972 (Deputy Labour Commissioner and Secretary State Advisory Contract Labour Board), Thiruvananthapuram (“**Authority**”) alleging that he was entitled to gratuity from the Company under the Payment of Gratuity Act, 1972. The Authority vide notice dated July 4, 2017 demanding appearance of our Company to address the application. Our Company refuted the claim by filing a counter statement dated November 28, 2017 claiming the Applicant has not completed five years of uninterrupted service and therefore is not eligible for gratuity. The matter is currently pending.
5. Lissy K. Varghese (“**Applicant**”) filed an application under Section 7(4) of the Payment of Gratuity Act, 1972 for a direction to the Company to pay gratuity amount due to the Applicant. The Court of Controlling Authority under the Payment of the Gratuity Act, 1972 and the Deputy Labour Commissioner, Kottayam (“**Court**”), dismissed the case as default vide it’s *ex parte* order dated November 14, 2017 (“**Order**”) due to continuous absence of the Applicant. Subsequently, the Applicant submitted an application to set aside the Order pursuant to which a notice dated September 13, 2018 was issued by the Court to provide an opportunity for adducing evidence. Further Company has filed objections vide it’s letter dated October 9, 2018. The matter is currently pending.

Potential litigations against our Company

Complaint

1. Ashwin Krishna, represented through his sister Dhanya, (“**Complainant**”) has filed a complaint with the RBI, against our Company and the branch of our Company located at Piravom in Ernakulum (“**Pivarom Branch**”), dated March 4, 2017 (“**Complaint**”). The Complainant alleged that the Pivarom Branch had committed criminal breach of trust by releasing the funds lying in the fixed deposit account of the Complainant’s father, of which the Complainant was the sole beneficiary, to the account of an unauthorised person without giving notice to the Complainant. The Complainant further alleged that our Company had breached the NBFC Standards prescribed by RBI and had colluded with the unauthorised person in order to commit fraud, cheating, and to misappropriate the funds belonging to the Complainant.

Litigations by our Company

Criminal cases

1. Our Company (“**Complainant**”) has filed a first information report, bearing no 366/15 dated June 13, 2015 (“**FIR**”) against Vinod. K. John (Branch manager) (“**Accused**”) at Gudallur police station, for criminal misappropriation of funds amounting to ₹2.5 lakhs by facilitation of fake and forged pledging. The customer remitted ₹2.5 lakhs on June 18, 2015 against the above pledge which was honoured by our Company, on account of maintenance of customer relationship. Our Company has also reported details of the misappropriation to the RBI vide Fraud no. KFLK 15020003. The matter is pending for investigation by the Police.
2. Our Company, through its regional manager, Sankara Narayanan (“**Complainant**”) has registered a first information report bearing no. 70/2015 dated March 10, 2015 (“**FIR**”) against Rameshkannan (Manager) and Remalakshmi (together referred to as the “**Accused**”) before the Thovalai Police Station under Section 390 of the Indian Penal Code. Our Company claims that the Accused had stolen one of the Gold packets (GL No: -7475) worth ₹4.16 lakhs, from our Company. All the gold packets were in order on the date of verification by the Appraiser on December 30, 2014 and the missing packet was found on January 02, 2015. Our Company has also reported details of the missing packets to the RBI vide Fraud no. KFLK15020002. The matter is pending for investigation by the Police.
3. Our Company has filed a first information report No. 548 dated October 9, 2013 (“**FIR**”) at Khajuri Khas Police Station against unknown accused for offences under Sections 397/34 of the Indian Penal Code, 1860 and 25/27 of the Arms Act, 1959. Gold ornaments amounting to a total value of ₹6.40 lakhs were stolen from the Bhajanpura branch of our Company in New Delhi by two unknown persons. Our Company has also reported details of the robbery to the RBI. The matter is pending for investigation by the Police.
4. Our Company, through its branch manager has registered a FIR against Robin and Roni (together referred to as the “**Accused**”) before the Chenkalpattu Police Station under Section 409, 420, 468, 471 of the Indian Penal Code. Our Company claims that the Accused has stolen ₹3.24 lakhs and cheated rent amount for ₹0.56 lakhs and further pledged spurious gold of about 12,176 grams and misappropriated ₹23.89 lakhs from our Company. The matter is under police investigation and an application for bail by the Accused was rejected by the Judicial Magistrate No. II, Chengalpattu vide order dated September 12, 2014. The matter has been reported to RBI for deficiency of funds at the branch vide Fraud no. KLF K 14030001 dated September 19, 2014. Further, our Company filed a petition 28442 of 2015 before the Madras High Court (“**Court**”) against the Inspector of Police (“**Department**”) under Section 482 of the Criminal Procedure Code, 1973 (“**Petition**”). Vide the Petition our Company requested the Court to direct Department to file a final report in this matter, within a stipulated time period. The Court vide an order dated November 25, 2015, directed the Department to file the final report as expeditiously as possible. The matter is currently pending.
5. Our Company through Sherly Joseph, Area Manager of our Company (“**Complainant**”) filed a FIR bearing no 0211/2014 dated April 09, 2014 against its employees of the Bangalore, Ayyapa nagar branch of the Company, namely Binu K Sam and Ajitha P.P (“**Accused**”) for criminal misappropriation of funds amounting to ₹12,50,000 by drawing the sum through a cheque under false pretence. The matter is under investigation and the cash shortage caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14020001 dated May 09, 2014. Matter is currently pending.

6. Our Company through Sheryl Joseph, Area Manager of our Company (“**Complainant**”) has filed a FIR bearing no 0123/2014 dated April 15, 2014 against its employees at the Shivaji Nagar, Bangalore Branch namely, Anuradha Rajan and Shiny Samuel and a customer, Uma Bhaskar, (“**Accused**”) for criminal misappropriation of funds amounting to ₹10,03,900 by facilitation of pledging spurious gold by the Accused customer. The matter is under investigation and the cash shortage caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14020002 dated May 09, 2014. Matter is currently pending.
7. Our Company through Simon P.S, Manager of the Thripunithura Branch (“**Complainant**”) has filed a FIR bearing no 0718/2014 dated April 15, 2014 against a customer Radhalakshmi (“**Accused**”) for pledging spurious gold for a loan amounting to ₹2,82,000. The matter is under investigation and the cash shortage caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14020003 dated May 14, 2014. Subsequently, the case has been transferred to the court of the Additional Judicial Magistrate, first class, bearing CC Number 2151/15. The matter is currently pending.
8. Our Company through Sherly Joseph, Area Manager of the Company (“**Complainant**”) has filed a FIR bearing no 220/2014 dated October 17, 2014 against Rajajinagar, Bangalore Branch Manager and Joint Custodian and customers Vimal Kumar and Ganesh Rao, (“**Accused**”) on September 25, 2014 for criminal misappropriation of funds amounting to ₹99,45,000 by facilitation of fake and forged pledging. The Customer remitted ₹28,50,000 on October 13, 2014 against the above pledge. The matter is under investigation and the cash shortage of ₹66, 95,000 caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14040001 dated November 15, 2014. Our Company filed a writ petition bearing number W.P 9829/2015 dated March 10, 2015, before the High Court of Karnataka seeking the transfer of the matter to the Criminal Investigation Department (CID) and for issuance of a writ of mandamus to direct the Police department to conduct a fair, impartial and speedy investigation. Subsequently, on October 7, 2016, our Company filed a suit of recovery before the City Civil Judge, Bangalore seeking an amount of ₹1,25,38,345 from the Accused, being losses incurred due to the outstanding loan and expenses in their efforts to recover the loan. The matter is currently pending.
9. Our Company filed a complaint with the Periyakalpet Police station against our Periyakalpet branch’s manager for misappropriation of cash to the tune of ₹6,18,277 for the Company. Our Company is in the process of settling the matter. Fraud has been reported to the RBI on April 21, 2016 vide Fraud no. KFLK16020002. The matter is currently pending.
10. Our Company filed a FIR bearing number 08/16 dated March 29, 2016, with the District Crime Branch, Dindugal, Tamil Nadu, against our branch manager M. Dharmendran at Guziliamparai (“**Accused**”). Vide the FIR, our Company has alleged that the Accused pledged spurious ornaments to a tune of ₹18,84,490, under the name of existing customers. The matter is currently under investigation and our Company has reported it to RBI vide Fraud no. KFLK16020001. The matter has been referred to the mediation centre attached to the Madurai Bench of the Madras High Court The matter is currently pending.
11. Our Company filed a FIR bearing number 60/16 dated January 31, 2016 with the Vadasery Police Station, Kanniyakumari District, against Biju Chacko (“**Accused**”). Vide the FIR, our Company alleged that the Accused misappropriated jewellery from our Company’s Kulasekaram branch to the tune of ₹80,30,000. The matter is under investigation and has been reported to RBI vide Fraud no. KFLK16010001. The matter is currently pending.
12. Our Company filed an FIR bearing No. 800/30/08/2016 (“**Complaint**”), under Section 379 of the Indian Penal Code, against the staff of our Company’s Poyampalayam branch, Annalaksmi (“**Accused**”). In the Complaint, our Company alleged that the Accused, after withdrawing ₹1,70,700 from a bank, for official purposes, returned with only ₹20,700 and the rest of the amount of ₹1,50,000 was unaccounted and was stolen by the Accused. The matter is currently pending.
13. Our Company, Branch Executive of our Company, filed an FIR bearing No. 0373/2017 dated October 28, 2017 with the Mansarovar Park Police Station, New Delhi against three unknown persons (“**Accused**”) under Section 392, 397 and 34 of the Indian Penal Code and Section 27 of the Arms Act 1959. Vide the FIR, Our Company alleged that the Accused stole gold ornaments weighing 21.6 grams worth ₹41,500 and cash to the tune of ₹96,867 from the Durgapuri Branch. The matter is currently pending.
14. Our Company filed a complaint dated November 1, 2017 with the Sarjapura Road, Bellandur Police Station against Vinod Kumar, an employee of our Company (“**Accused**”). In the Complaint, our Company alleged

that ₹200,000 had been misappropriated by the Accused from our Company's Kasavanahally branch, Bangalore. The matter is under investigation and has been reported to RBI on November 15, 2017 vide Fraud no. KFLK17040001. The matter is currently pending.

15. Our Company filed an FIR bearing No.0283/2017 dated December 13, 2017 ("**Complaint**") with the Changaramkulam Police Station, Malappuram against C.P Ajesh Branch Manager and staff members Manjusha Gopalakrishnan and Sobha K.B of our Company's Edappal branch (collectively the "**Accused**"). In the Complaint, our Company alleged that the Accused stole gold ornaments pledged by various customers weighing total of 3,349.2 grams worth ₹69,21,616. The matter is under investigation and has been reported to the RBI on January 3, 2018 vide Fraud No. KFLK18010001. The matter is currently pending.
16. Our Company filed an FIR bearing No.983/2017 dated June 8, 2018 ("**Complaint**") with the Avaniyapuram Police Station, Madurai against Arockiya Lenin, manager of our Company's Villapuram branch ("**Accused**"). In the Complaint, our Company alleged that the Accused had forged signatures, cheated and misappropriated ₹2,00,000 from our Company's Villapuram branch. The matter is under investigation and has been reported to the RBI on April 18, 2018 vide Fraud No. KFLK18020001. The matter is currently pending.
17. Kosamattam Mathew K Cherian Financiers (P) Limited (since then merged with our Company vide an order of the NCLT dated June 26, 2018) through its employee Arun TM has lodged a FIR 504 dated December 07, 2010 before the Vandiperiyar Police Station against Faizal TA and Shainy Saji Joseph (together referred to as the "**Accused**") inter-alia for pledging spurious gold numbering to 21 for ₹30 lakhs and for cheating. The matter is currently pending.

Civil cases

1. Our Company has filed a special leave petition (civil) number SLP (C) 35042/2009 dated August 09, 2012 ("**SLP**") before the Supreme Court of India ("**Supreme Court**") against the order dated November 18, 2009 ("**Order**") passed by the High Court of Kerala ("**High Court**") in WA No. 564/2007. The High Court upheld the order of the single bench passed in WP (c) 8202/05 on February 14, 2007 holding our Company as "money lenders" within the meaning of the term contained in the Kerala Money Lenders Act, 1958 and directed our Company to remit licence fee arrears and apply for licence for the years involved and comply with the statutory requirements within one month from date of receipt of copy of the Order, the penal action taken against our Company would be revoked by the concerned officers and no penalty or other action for previous violations would be initiated. Aggrieved our Company filed the SLP. The matter is currently pending.
2. Our Company has filed a revision petition bearing Revision Petition no 3022 of 2014 dated November 19, 2014 ("**Petition**") against Anil Ravindran ("**Respondent**") before the National Consumer Dispute Redressal Commission New Delhi ("**NCDRC**"), praying inter alia for the review of the order dated March 21, 2013 ("**Order**") passed by the Kerala State Consumer Dispute Redressal Commission, Thiruvananthapuram ("**State Commission**"). The litigation was instituted with respect to the sale proceeds of certain gold pledged by the Respondent with our Company for three different loans amounting to ₹21,000, ₹24,000 and ₹22,000. Our Company filed a separate Civil Suit for the recovery of the balance amount as the selling price of the pledged gold was ₹76,384, which was less than the market price and the balance of the principle amount recoverable from Respondent. Vide order dated July 10, 2006, the civil court held that our Company was entitled to recover the balance sum of ₹3,370 from the Respondent, with interest at the rate of 6% per annum, on the original sum of ₹3,370/- with effect from May 31, 2006 and was also entitled to the cost of the suit.

The Respondent subsequently filed a complaint before the concerned District Forum on March 3, 2006 alleging deficiency in the services rendered by the petitioner company and seeking return of the gold on payment of the principal amount with interest after adjusting the excess amount awarded from him towards interest. The District Forum vide its order dated November 30, 2008 directed the company to pay a sum of ₹5,000/- as compensation to the Respondent. In appeal, the State Commission ruled in favour of the Respondent and directed the Company to pay a sum of ₹1,50,000 to the Respondent as compensation for deficiency in the services rendered by our Company. The company filed the revision petition before the NCDRC. NCDRC vide order dated November 27, 2014 ("**NCDRC Order**") remanded the matter to the District Consumer Forum for a fresh hearing. The matter is currently pending.

Litigation against Promoter Directors

Mathew K Cherian

Tax Litigations

1. Mathew K Cherian (our “**Promoter**”) has filed an appeal bearing number 38/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2004-2005 assessing the total income at ₹786.2 lakhs and raising a demand of ₹259.16 lakhs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, addition of ₹251.46 lakhs being unsecured loan received as unexplained cash credit under Section 68 be deleted and the addition of ₹538.38 lakhs as deemed income under Section 69C be deleted. The CIT(A), by an order dated September 15, 2016 (“**Order I**”), directed the addition of ₹ 119.10 lakhs with regard to unsecured loan under Section 68, instead of ₹ 251.46 lakhs, which was considered by the Assessing Officer, and the addition of ₹ 257.99 lakhs, with regard to the contention regarding deemed income, instead of ₹ 538.38 lakhs. Our Promoter filed an appeal dated December 23, 2016, before the Income Tax Appellate Tribunal against Order I, praying that the addition of ₹ 119.10 lakhs being unsecured loan received as unexplained cash credit under Section 68 be deleted and the addition of ₹ 258 lakhs as deemed income under Section 69C be deleted.

The Assessing Officer also filed an appeal bearing number 518/Coch/16 dated December 22, 2016 before the Income Tax Appellate Tribunal against Order I. The CIT(A), by its order bearing number ACIT/CC/KTM/ABUPC1286/2016-17 dated November 28, 2016 (“**Order II**”), held that our Promoter was entitled to a refund amounting to ₹ 11.11 lakhs for the Assessment Year 2008-2009, which was to be adjusted against the demand raised for the Assessment Year 2004-2005. The CIT(A) passed another order bearing number ACIT/CC/KTM/ABUPC1286/2016-17 dated November 28, 2016 (“**Order III**”), by which it held that our Promoter was entitled to a refund amounting to ₹ 12.22 lakhs for the Assessment Year 2009-2010, which was to be adjusted against the demand raised for the Assessment Year 2004-2005. On the basis of Order II and Order III, the CIT(A) passed an order bearing number ACIT/CC/KTM/ABUPC1286H/2016-17 on October 28, 2016 (“**Order IV**”) stating that the Promoter would be liable to pay an amount of ₹ 389.07 lakhs. Our Promoter filed an application dated March 4, 2017 (“**Stay Application**”) before the Income Tax Appellate Tribunal for the stay of Order IV, as well as a writ petition dated March 8, 2017 (“**Writ Petition**”) before the High Court of Kerala at Ernakulum (“**Court**”). The Court dismissed the Writ Petition on March 15, 2017, stating that the Stay Application would be heard by the Income Tax Appellate Tribunal on March 24, 2017. ITAT has granted conditional stay for a period of six months from the date of this order or till the date of disposal of the appeal whichever is earlier and to make payment of ₹40 lakhs by way of instalments in four equal months payable on or before 30th of every month. Additionally, our Promoter has also filed an application for rectification of mistake dated March 17, 2017 before the Assistant Commissioner of Income Tax (Central), Kottayam, against Order IV, stating that errors had been made in computation of the taxable income by adding cash shortage of ₹258 lakhs which was resulting in double taxation of the amount.

Further, our Promoter received a letter dated March 25, 2017 pertaining to set-off of refund for Assessment Year (“**AY**”) 2004-05 against payables for AY 2010-11. Our Promoter further received notices of demand under Section 156 of the Income Tax Act, 1961 for assessment years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 dated March 30, 2017 for an aggregate balance payment of ₹59,48,285. Subsequently, the ITAT passed an order dated July 7, 2017 dismissing the appeal filed by our Promoter. The Income Tax Appellate Tribunal has allowed the Appeal filed by the department for statistical purpose. Thereafter, the Assistant Commissioner of Income tax, Central Circle, Kottayam issued a notice dated October 30, 2017 under Section 154 of the IT Act (“**Rectification Notice**”) regarding the rectification of mistake due to undercharging of interest under Section 234A, 234B and 234 C calculated for the assessment year 2004-05. Our Company *vide* reply dated November 3, 2017 communicated no objection to the Rectification Notice. A rectification order dated November 14, 2017 under Section 154 was issued to our Promoter demanding a payment of ₹45.95 lakhs. Subsequently, our Company has received a penalty order dated March 29, 2018 levying a penalty of ₹12,237,968. Thereafter, our Company filed an appeal dated May 3, 2018. The matter is currently pending.

2. Mathew K Cherian (our “**Promoter**”) has filed an appeal bearing number 39/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2005-2006 assessing the total income at ₹7.37 lakhs. Our Promoter has filed the Appeal inter-alia

praying that the Order be quashed, disallow the opening cash balance and delete the disallowance of drawings from Kosamattam Estate Investment and Kosamattam Chitty Funds and repayment of loan to Kosamattam Estate Investment. The CIT(A), by an order dated September 26, 2016 (“**Order I**”), partly allowed the appeal, directing that the opening balance should not be Nil, as treated by the Assessing Officer. The CIT(A) allowed the addition of a part sum of ₹ 32.2 lakhs with regard to Kosamattam Estate Investment, but disallowed the additions relating to Kosamattam Chitty Funds. Our Promoter filed an appeal dated December 23, 2016, before the Income Tax Appellate Tribunal against Order I. The Assessing Officer also filed an appeal bearing number 519/Coch/17 dated December 22, 2016 before the Income Tax Appellate Tribunal against Order I. The CIT(A), by its order bearing number ACIT/CC/KTM/ABUPC1286H/2016-17 dated October 28, 2016 (“**Order II**”), ordered our Promoter to pay an amount of ₹ 16.58 lakhs. Our Promoter filed an application dated March 4, 2017 (“**Stay Application**”) before the Income Tax Appellate Tribunal for the stay of Order II, as well as a writ petition dated March 8, 2017 (“**Writ Petition**”) before the High Court of Kerala at Ernakulum (“**Court**”). The Court dismissed the Writ Petition on March 15, 2017, stating that the Stay Application would be heard by the Income Tax Appellate Tribunal on March 24, 2017. ITAT has granted conditional stay for a period of six months from the date of this order or till the date of disposal of the appeal whichever is earlier and to make payment of ₹40 lakhs by way of instalments in four equal months payable on or before 30th of every month. In addition to this, our Promoter has also filed an application for rectification of mistake dated March 17, 2017 before the Assistant Commissioner of Income Tax (Central), Kottayam against Order II, stating that the amount of tax liability calculated was incorrect as agricultural income had been added twice and that the rate of calculation of education cess was incorrect. Further, our Promoter received a letter dated March 25, 2017 pertaining to set-off of refund for Assessment Year (“**AY**”) 2008-09 against payables for AY 2010-11, 2004-05 against payables for AY 2010-11 and 2010-11 against payables for AY 2010-11. Our Promoter further received notices of demand under Section 156 of the Income Tax Act, 1961 for assessment years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 dated March 30, 2017 for an aggregate balance payment of ₹59,48,285. Subsequently, the ITAT passed an order dated July 7, 2017 dismissing the appeal filed by our Promoter. Further our Company has received a penalty order dated March 29, 2018 levying a penalty of ₹1,033,901. Subsequently, our Company filed an appeal dated May 3, 2018. The matter is currently pending.

3. Mathew K Cherian (our “**Promoter**”) has filed an appeal bearing number 40/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2006-2007 assessing the total income at ₹6.85 lakhs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹199.12 lakhs and delete the disallowance of repayment of loan to Kosamattam Estate Investment. The CIT(A), by an order dated September 28, 2016, partly allowed the appeal, directing the Assessing Officer to suitably modify the cash flow, and delete the disallowance of repayment of loan to Kosamattam Estate Investment. The CIT(A), by its order bearing number ACIT/CC/KTM/ABUPC1286H/2016-17 dated November 28, 2016 (“**Order**”), ordered our Promoter to pay an amount of ₹ 705. Our Promoter filed an application for rectification of mistake dated March 17, 2017 (“**Application**”) before the Assistant Commissioner of Income Tax (Central), Kottayam against the Order, stating that the rate of calculation of education cess was incorrect. Further, our Promoter further received notices of demand under Section 156 of the Income Tax Act, 1961 for assessment years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 dated March 30, 2017 for an aggregate balance payment of ₹59,48,285. The matter is currently pending.
4. Mathew K Cherian (our “**Promoter**”) has filed an appeal bearing number 41/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2007-2008 assessing the total income at ₹6.67 lakhs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹220.06 lakhs and delete the disallowance of drawings from Kosamattam Bankers and from own sources. The CIT(A), by an order dated October 5, 2016 (“**Order I**”), partly allowed the appeal, directing the Assessing Officer to give consequential appeal effect to the opening balance, and to disallow the addition of drawings from Kosamattam Bankers and from own sources. Subsequently, our Promoter filed an appeal dated December 23, 2016, before the Income Tax Appellate Tribunal against Order I. The CIT(A), by its order bearing number ACIT/CC/KTM/ABUPC1286H/2016-17 dated November 28, 2016 (“**Order II**”), ordered our Promoter to pay an amount of ₹ 46.95 lakhs. Our Promoter filed an application dated March 6, 2017 (“**Stay Application**”) before the Income Tax Appellate Tribunal for the stay of Order II, as well as a writ petition dated March 8, 2017 (“**Writ Petition**”) before the High Court of Kerala at Ernakulum (“**Court**”). The Court dismissed the Writ Petition on March 15, 2017, stating that the Stay Application would be heard by the Income Tax Appellate Tribunal

on March 24, 2017. ITAT has granted conditional stay for a period of six months from the date of this order or till the date of disposal of the appeal whichever is earlier and to make payment of ₹40 lakhs by way of instalments in four equal months payable on or before 30th of every month. In addition to this, our Promoter has also filed an application for rectification of mistake dated March 17, 2017 before the Assistant Commissioner of Income Tax (Central), Kottayam against Order II, stating that the rate of calculation of education cess was incorrect. Our Promoter further received notices of demand under Section 156 of the Income Tax Act, 1961 for assessment years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 dated March 30, 2017 for an aggregate balance payment of ₹59,48,285. Subsequently, the ITAT passed an order dated July 7, 2017 dismissing the appeal filed by our Promoter. Further our Company has received a penalty order dated March 29, 2018 levying a penalty of ₹1,728,900. Subsequently, our Company filed an appeal dated May 3, 2018. The matter is currently pending.

5. Mathew K Cherian (our “**Promoter**”) has filed an appeal bearing number 44/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2010-2011 assessing the total income at ₹511.38 lakhs and raising a demand of ₹34.64 lakhs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹2.78 lakhs, delete the disallowance of ₹191.00 lakhs being loan taken from friends and relative and delete the addition of ₹32.15 lakhs as deemed dividend under Section 2 (22) (e) in the hands of the appellant. The CIT(A), by an order dated October 7, 2016 (“**Order I**”), partly allowed the appeal, by directing the Assessing Officer to recast the opening balance. However, the CIT(A) dismissed the other two contentions and refused to disallow ₹191.00 lakhs, being taken as a loan from friends and relatives and also refused to delete the addition of ₹32.15 lakhs as deemed dividend. Our Promoter filed an appeal dated December 23, 2016, before the Income Tax Appellate Tribunal against Order I. The CIT(A), by its order bearing number ACIT/CC/KTM/ABUPC1286H/2016-17 dated November 28, 2016 (“**Order II**”), ordered our Promoter to pay an amount of ₹127.10 lakhs. Our Promoter filed an application dated March 6, 2017 (“**Stay Application**”) before the Income Tax Appellate Tribunal for the stay of Order II, as well as a writ petition dated March 8, 2017 (“**Writ Petition**”) before the High Court of Kerala at Ernakulum (“**Court**”). The Court dismissed the Writ Petition on March 15, 2017, stating that the Stay Application would be heard by the Income Tax Appellate Tribunal on March 24, 2017. ITAT has granted conditional stay for a period of six months from the date of this order or till the date of disposal of the appeal whichever is earlier and to make payment of ₹40 lakhs by way of instalments in four equal months payable on or before 30th of every month. Our Promoter has filed an application for rectification of mistake dated March 17, 2017 (“**Application**”) before the Assistant Commissioner of Income Tax (Central), Kottayam against Order I, stating that the figures to calculate the tax liability under Order II did not match the original figures that formed a part of the historical record. The Application also stated that certain amounts had been added twice when arriving at the taxable income, which was resulting in double taxation. Further, our Promoter received a letter dated March 25, 2017 pertaining to set-off of refund for Assessment Year (“**AY**”) 2008-09 against payables for AY 2010-11, 2004-05 against payables for AY 2010-11 and 2009-10 against payables for AY 2010-11. Our Promoter further received notices of demand under Section 156 of the Income Tax Act, 1961 for assessment years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 dated March 30, 2017 for an aggregate balance payment of ₹59,48,285. Subsequently, the ITAT passed an order dated July 7, 2017 dismissing the appeal filed by our Promoter. A rectification order dated November 14, 2017 under Section 154 was issued to our Promoter demanding a payment of ₹133 lakhs. Further our Company has received a penalty order dated March 29, 2018 levying a penalty of ₹6,765,572. Subsequently, our Company filed an appeal dated May 3, 2018. The matter is currently pending.
6. The Assistant Commissioner of Income Tax, Kottayam (“**CIT**”) passed an Order dated December 31, 2017 (“**Order**”) for the Assessment Year 2015-2016 assessing the total income at ₹1113.52 lakhs from other sources and raising a demand of ₹571.83 lakhs against Mathew K Cherian (“**Promoter**”). Our Promoter filed an appeal bearing number 3592 of 2018 dated January 30, 2018 (“**Appeal**”) before the High Court of Kerala (“**High Court**”) *inter-alia* praying that the Order be quashed. The High Court *vide* order dated February 2, 2018 (“**HC Order**”), dismissed the Appeal, directing the promoter to file an appeal before the Commissioner of Income Tax (Appeals) Cochin (“**CIT-A**”). Thereafter, our Promoter filed an appeal along with an application for condonation of delay dated February 5, 2018 before the CIT-A. The matter is currently pending.

Laila Mathew

Tax Litigations

1. Laila Mathew (“**our Promoter**”) has filed an appeal bearing number 45/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2004-2005 assessing the total income at ₹59.25 lakhs and raising a demand of ₹50.91 lakhs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed and the addition of ₹58.65 lakhs as deemed income under Section 69C be deleted. The CIT(A), by an order bearing number ITA45/Cent/KTM/CIT (A) III/ 2011-12 dated October 13, 2016, allowed the appeal, ordering the Assessing Officer to delete the amount of ₹58.65 lakhs. Subsequently, the Assessing Officer filed an appeal bearing number 6/COCH-2017 dated January 5, 2017, before the Income Tax Appellate Tribunal. The CIT(A), by its order bearing number ACIT/CC/KTM/AEDPM1526Q/2016-17 dated November 28, 2016 (“**Order**”), stated that our Promoter was entitled to a refund of ₹14.05 lakhs, which was to be adjusted against the demand raised for the Assessment Year 2010-2011. Our Promoter has filed an application for rectification of mistake dated March 17, 2017 before the Assistant Commissioner of Income Tax (Central), Kottayam against the Order, stating that the calculation of taxable income was incorrect as the opening cash balance had not been deducted in the calculations. Our Promoter received letters dated March 25, 2017 pertaining to set-off of refund for Assessment Year (“**AY**”) 2004-05 against payables for AY 2010-11 and AY 2012-13 and letters dated March 30, 2017 for appellate orders for the set-off of refund for AYs 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 of the Commissioner of Income Tax (Appeals)-IV Kochi pursuant to which the cash flow statement which modified the amount payable to nil. The Income Tax Department has filed an appeal against the said order. The Income Tax Appellate Tribunal by its order dated July 7, 2017 has allowed the appeal for statistical purpose. The matter is currently pending.
2. Laila Mathew (our “**Promoter**”) has filed an appeal bearing number 49/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 (“**Appeal**”) before the Commissioner of Income Tax Appeals (“**CIT(A)**”) against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2008-2009 assessing the total income at ₹4.26 lakhs and raising a demand of ₹0.83 lakhs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹44.31 lakhs and delete the addition of ₹2.55 lakhs as remuneration from Kosamattam Chits and Kuries Private Limited. The CIT(A), by an order dated October 13, 2016 (“**Order I**”), partly allowed the appeal, directing the Assessing Officer to modify the cash flow statement, thereby resulting in change in the opening balance, but dismissed the contention that ₹2.55 lakhs as business income be deleted. Subsequently, our Promoter filed an appeal dated December 23, 2016, before the Income Tax Appellate Tribunal against Order I. The CIT(A), by its order bearing number ACIT/CC/KTM/AEDPM1526Q/2016-17 dated November 24, 2016 (“**Order II**”), ordered our Promoter to pay an amount of ₹ 0.07 lakhs. The matter is currently pending. Our Promoter has filed an application for rectification of mistake dated March 17, 2017 before the Assistant Commissioner of Income Tax (Central), Kottayam against Order II, stating that the rate of tax used to calculate liability was the common rate and not the rate applicable to women assessee. Our Promoter received letters dated March 25, 2017 pertaining to set-off of refund for Assessment Year (“**AY**”) 2004-05 against payables for AY 2010-11 and AY 2012-13 and letters dated March 30, 2017 for appellate orders for the set-off of refund for AYs 2004-5, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 of the Commissioner of Income Tax (Appeals)-IV Kochi pursuant to which the cash flow statement which modified the amount payable to nil. The Income Tax Department had filed an appeal against Order II. The Income Tax Appellate Tribunal by its order dated July 7, 2017 has allowed the appeal for statistical purpose. The matter is currently pending.

Litigations involving our Group Companies

Nil

Details of material frauds, if any in the last five years

Sl. No.	Financial Year	Details of Fraud	Action taken by the Company
1.	2018-2019	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except an instance of misappropriation of ₹2 lakhs cash.	Company has filed an FIR with the Avaniyapuram Police Station, Madurai.
2.	2017-2018	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except two instance of theft of 21.6 grams of gold ornaments worth ₹41,500, theft of 3,349.2 grams of gold ornaments worth ₹69,21,616 respectively and theft of cash amounting to ₹296,867	Company has filed FIRs at Manasarovar Park police station, Changaramkulam Police Station, Malappuram and Bellandur police station, in relation to these matters respectively.
3.	2016-2017	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except cash misappropriation aggregating to ₹7.68 lakhs and gold loan related misappropriations aggregating to ₹18.84 lakhs.	Company has filed a complaint and a FIR for two cases at Poyampalayam police station and Dhindugal police station, respectively. Company is in the process of settling the matter in the presence of Periyakalpet police station.
4.	2015-2016	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹80.30 lakhs and gold loan related misappropriations aggregating to ₹2.5 lakhs.	Company has filed a complaint and a FIR at Gudallur and Vadaserry police station in relation to these matters. Another matter relating to theft at the Madurai branch has been settled and the case has been accordingly withdrawn.
5.	2014-2015	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹4.16 lakhs, gold loan related misappropriations amounting to ₹233.16 lakhs.	Company has filed a complaint and a FIR at the relevant police stations in relation to these matters.
6.	2013-2014	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹6.4 lakhs.	Company has filed a complaint at Khajurikhas police station in this matter. Further we have engaged security guard for preventing such incidents in future.

Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years:

Financial Year	Summary of Reservations/Qualifications/Adverse Remarks						Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
2017-2018	1. Our Company has not deposited disputed tax dues since the matters are pending before various forums						To the extent of tax not paid, profit /general reserve of the company has been overstated.	Appeal has been filed in all cases.
	Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates		Forum where dispute is pending		
	CBEC	Demand of Service Tax	82.13 lakhs	September 2004 to September 2008	Customs Excise and Service Tax Appellate Tribunal, Bangalore			
	CBEC	Demand of Service Tax	1,393.61 lakhs	October 2008 to November 2011	Customs Excise and Service Tax Appellate Tribunal, Bangalore			
	CBEC	Demand of Service Tax	240.19 lakhs	December 2011 to March 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore			
	CBEC	Demand of Service Tax	230.25 lakhs	April 2012 to June 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore			
	CBEC	Demand of Service Tax	1,070.27 lakhs	July 2012 to March 2013	Customs Excise and Service Tax Appellate Tribunal, Bangalore			
	CBEC	Demand of Service Tax	1,084.04 lakhs	April 2013 to March 2014	Customs Excise and Service Tax Appellate Tribunal, Bangalore			

	Commercial Tax Department	Demand of Sales tax	2.90 lakhs	April 2014 to March 2015	The Deputy Commissioner (Appeals)/The Deputy Commissioner/The Commissioner	Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.	The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable.
	2. During the year there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred aggregating an amount of ₹72,59,983.00 of which the Company has not recovered any amount. The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable.						
2016-2017	1. Our Company has not deposited disputed tax dues since the matters are pending before various forums						To the extent of tax not paid, profit/general reserve of the Company has been overstated.
	Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending		
	CBEC	Demand of Service Tax	82.13 lakhs*	For the period of September 2004-September 2008	Customs Excise and Service Tax Appellate Tribunal, Bangalore.		
	CBEC	Demand of Service Tax	1,393.62 lakhs*	For the period of October 2008-November 2011	Customs Excise and Service Tax Appellate Tribunal, Bangalore		
	CBEC	Demand of Service Tax	240.19 lakhs*	For the period of December 2011-March 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore		
	CBEC	Demand of Service Tax	230.24 lakhs*	For the period of April 2012- June 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore		
	CBEC	Demand of Service Tax	1,070.27 lakhs*	For the period of July 2012-March 2013	Commissioner of Central Excise, Customs & Service Tax, Cochin		
	CBEC	Demand of Service Tax	1,084.04 lakhs*	For the period of April 2013-March 2014	Commissioner of Central Excise, Customs & Service Tax, Cochin		
	Commercial Taxes Department	Demand of Sales tax	2.90 lakhs*	For the period of April 2014-March 2015	The Deputy Commissioner (Appeals)/The Deputy Commissioner/T he Commissioner		
	*A sum of ₹ 205.25 lakhs and 2.90 lakhs has been paid as Security Deposit towards the above-mentioned demands in CBECE and Commercial Taxes respectively.						
	2. During the year, there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred aggregating an amount of ₹1,50,000.00 of which the Company has not recovered any amount						Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements
							The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the

						process of recovering these amounts from the employees and taking legal actions, where applicable.
2015-2016	1.	Our Company has not deposited disputed tax dues since the matters are pending before various forums			To the extent of tax not paid, profit/ general reserve of the Company has been overstated.	Appeal has been filed in all the cases.
		Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
		CBEC	Demand of Service Tax	41.04 lakhs	For the period of September 2004-September 2008	Commissioner of Central Excise, Customs & Service Tax, Cochin
		CBEC	Demand of Service Tax	696.76 lakhs	For the period of October 2008-November 2011	Customs Excise and Service Tax Appellate Tribunal, Bangalore
		CBEC	Demand of Service Tax	240.09 lakhs	For the period of December 2011-March 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore
		CBEC	Demand of Service Tax	230.15 lakhs	For the period of April 2012- June 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore
		CBEC	Demand of Service Tax	972.89 lakhs	For the period of July 2012-March 2013	Commissioner of Central Excise, Customs & Service Tax, Cochin
		CBEC	Demand of Service Tax	541.97 lakhs	For the period of April 2013-March 2014	Commissioner of Central Excise, Customs & Service Tax, Cochin
	2.	During the year, there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred aggregating an amount of ₹112.33 lakhs of which the Company has recovered ₹ 7.30 lakhs			Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.	The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable.
2014-2015	1.	Our Company has not deposited disputed tax dues since the matters are pending before various forums:			To the extent of fringe benefit tax not paid, profit/general reserve of the Company has been overstated.	Unless a clear judgment has been made by a High Court in this regard, the provision created in the balance sheet shall not be paid.
		Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
		Income Tax Laws	Fringe Benefit Tax	0.67 lakhs	2005-2006	Since divergent views are expressed by various High Courts, Company has not remitted Fringe Benefit Tax
	1.05 lakhs			2006-2007		
	1.42 lakhs			2007-2008		
	2.75 lakhs			2008-2009		
		CBEC	Demand of	41.04 lakhs	For the period of	Commissioner of

	Service Tax		September 2004-September 2008	Central Customs & Service Tax, Cochin	Excise, & Service Tax,
CBEC	Demand of Service Tax	696.76 lakhs	For the period of October 2008-November 2011	Customs and Service Tax Appellate Tribunal, Bangalore	Excise and Service Tax
CBEC	Demand of Service Tax	240.09 lakhs	For the period of December 2011-March 2012	Customs and Service Tax Appellate Tribunal, Bangalore	Excise and Service Tax
CBEC	Demand of Service Tax	230.15 lakhs	For the period of April 2012- June 2012	Customs and Service Tax Appellate Tribunal, Bangalore	Excise and Service Tax

2. During the year, there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred for amounts aggregating an amount of ₹254.72 lakhs of which the Company has recovered ₹35.28 lakhs

Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.

The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable

2013-2014

1. Our Company has not deposited disputed tax dues since the matters are pending before various forums:

Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
Income Tax Laws	Fringe Benefit Tax	0.67 lakhs	2005-2006	Since divergent views are expressed by various High Courts, Company has not remitted Fringe Benefit Tax
		1.05 lakhs	2006-2007	
		1.42 lakhs	2007-2008	
		2.75 lakhs	2008-2009	
CBEC	Service Tax	41.04 lakhs	2004-2008	Commissioner of Central Excise, Customs & Service Tax, Cochin

To the extent of fringe benefit tax not paid, profit/general reserve of the company has been overstated

Unless a clear judgment has been made by a High Court in this regard, the provision created in the balance sheet shall not be paid

2. No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹6.4 lakhs

Company has debited the amount incurred for replacing the theft gold to profit and loss account and there is no further impact on profit and loss of the company on the replaced security. The compensation payable as on March 31, 2014 amounting to ₹2,03,487 is subject to fluctuation is market rate of gold. To that extend profit/reserve may overstate or understated.

Company has filed a complaint at Khajurikhas police station on this matter. Further we have engaged security guard for preventing such incidents in future

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on October 8, 2018, the Board approved the Issue of NCDs to the public up to an amount not exceeding ₹30,000 lakhs.

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. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Promoters or Directors have been declared as a Fugitive Economic Offender.

Other confirmations

None of our Company or our Directors or our Promoters, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Disclaimer

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, 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 DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 19, 2018, WHICH READS AS FOLLOWS:

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED**

FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.

- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- 3. WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT ALL COMMENTS/COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF STOCK EXCHANGE HAVE BEEN SUITABLY ADDRESSED.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED DECEMBER 12, 2018, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- (a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- (b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- (c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY 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 19, 2013 BEARING REGISTRATION NO. B-16.00117 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 of CRISIL Research

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

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocument

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 Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the issue.

Consents

Consents in writing of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) Chief Financial Officer; (d) Statutory Auditors; (e) Legal Advisor to the Issue; (f) Lead Manager; (g) the Registrar to the Issue; (h) Public Issue Account Bank; (i) Refund Banks; (j) Credit Rating Agencies; (k) the Bankers to our Company; (l) the Debenture Trustee; and (m) the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Prospectus with the Stock Exchange.

The consents of the Statutory Auditors of our Company, namely M/s. Vishnu Rajendran & Co., Chartered Accountants for (a) inclusion of their name as the Statutory Auditor; (b) examination reports on Reformatted Financial Statements in the form and context in which they appear in this Prospectus; (c) the Limited Review Report on the Limited Review Financial Statements in the form and context in which they appear in this Prospectus; and (d) report on the Statement of Tax Benefits dated November 26, 2018 in the form and context in which it appears in this Prospectus, have been obtained and the same will be filed along with a copy of this Prospectus with the RoC.

Expert Opinion

Except the (i) Statutory Auditor's report on our reformatted audited financials for the Financial Year ending March

31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 issued by M/s. Vishnu Rajendran & Co., Chartered Accountants dated December 3, 2018, 2018; (iii) Statement of Tax Benefits issued by M/s. Vishnu Rajendran & Co., Chartered Accountants dated November 26, 2018; (iv) Limited Review Report on the unaudited financial results of our Company for the six-month period ended September 30, 2018, by M/s. Vishnu Rajendran & Co., Chartered Accountants dated November 12, 2018; and (v) Credit rating letter issued by India Ratings dated November 27, 2018, in respect of the credit rating issued for this Issue which furnishes the rationale for its rating, our Company has not obtained any expert opinions.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus and this Prospectus

The Draft Prospectus and this Prospectus have been filed with the designated Stock Exchange in terms of Regulation 6 and Regulation 7 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

The copy of this Prospectus shall be filed with RoC in accordance with Section 26 Companies Act, 2013.

Debenture Redemption Reserve (“DRR”)

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) Third Amendment Rules, 2016, dated July 19, 2016, further states that ‘the adequacy’ of DRR for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 shall be 25% of the value of outstanding debentures issued through a public issue as per the SEBI Debt Regulations.

Accordingly, our Company is required to create, as per Applicable Laws, a DRR of 25% of the value of the NCDs, outstanding as on date, issued through Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR 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 utilised 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 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 54.

Reservation

No portion of this Issue has been reserved

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares in the last five years.

Previous Issues of NCDs

Other than the issues of (i) secured redeemable non-convertible debentures of face value of ₹1,000 each aggregating to ₹10,000 lakhs and ₹15,000 lakhs, (ii) secured and unsecured redeemable non-convertible debentures of face value of ₹1,000 each aggregating to ₹40,000 lakhs in the financial year 2014-2015; (iii) secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹23,000 lakhs and secured redeemable non-convertible debentures face value ₹1,000 each, aggregating to ₹20,000 lakhs in the financial year 2015-2016; (iv) secured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹25,000 lakhs, secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹20,000 lakhs and secured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹30,000 lakhs, in the financial year 2016-2017; (v) secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹25,000 lakhs, secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹22,000 lakhs and secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹23,000 lakhs, in the financial year 2017-2018; and (vi) secured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹30,000 lakhs and secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹25,000 lakhs, in the financial year 2018-2019; our Company has not made any public issue of equity shares or debentures in the past.

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kottayam, India.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please see “Our Business - Gold Loan Business” on page 71.

B. Loans given by the Company

Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of Previous Issues.

C. Utilisation of Issue Proceeds of the previous Issues by our Company and Group Companies

Our Company

(₹ in lakhs)

Sr. No.	Particulars of utilisation	1 st Public Issue	2 nd Public Issue	3 rd Public Issue	4 th Public Issue	5 th Public Issue	6 th Public Issue	7 th Public Issue
	Total Issue Proceeds	10,000.00	14,922.90	16,344.49	20,000.00	23,000.00	19,988.15	23,451.14
a.	Issue Related Expense	56.62	57.51	32.97	7.67	70.60	14.26	25.86
	Issue Proceed Less Issue Expenses	9,943.38	14,865.39	16,311.52	19,992.33	22,929.40	19,973.89	23,425.28
1.	Onward lending	8,678.84	13,777.39	14,556.88	18,024.45	21,062.05	17,971.74	21,609.10
2.	Repayment of existing loans including interest	1,200.00	1,000.00	1,650.00	1,114.72	1,278.37	945.33	772.60
3.	General Corporate Purposes	64.54	88.00	104.64	853.16	588.98	1,056.82	1,043.58

Sr. No.	Particulars of utilisation	8 th Public Issue	9 th Public Issue	10 th Public Issue	11 th Public Issue	12 th Public Issue	13 th Public Issue	14 th Public Issue
	Total Issue Proceeds	19,978.59	21,416.65	21,951.14	21,462.10	22,878.51	21,426.54	2,34,70.51



a.	Issue Expense	Related	0.57	7.00	14.06	1.30	20.91	159.38	150.07
	Issue Proceed Less Issue Expenses		19,978.02	21,409.65	21,937.08	21,460.08	22,857.60	21,267.16	23,320.44
1.	Onward lending		19,254.09	18,079.55	19,067.43	20,785.94	22,455.22	20,820.92	18,608.54
2.	Repayment of existing loans including interest		621.76	3,196.54	2,773.06	629.34	320.95	164.12	4,307.36
3.	General Corporate Purposes		102.17	133.56	96.59	45.52	81.43	282.12	404.54

Group Companies

Nil

Description of our loan portfolio

Type of loans:

The detailed break-up of the type of loans given by the Company as on March 31, 2018 is as follows:

(₹ in lakhs)

Sl. No.	Type of Loans	Amount
1.	Secured	2,22,480.92
2.	Unsecured	1,452.91
	Total Loans	2,23,933.83

A. Sectoral Exposure as on March 31, 2018:

Sl. No.	Segment wise break up of loans	Percentage
1.	Retail	
a.	Mortgages (home loans and loans against property)	7.78%
b.	Gold Loans	91.57%
c.	Vehicle Finance	0.00%
d.	MFI	0.57%
e.	M & SME	0.00%
f.	Capital market funding (loans against shares, margin funding)	0.00%
g.	Others	0.08%
2.	Wholesale	
a.	Infrastructure	0.00%
b.	Real Estate (including builder loans)	0.00%
c.	Promoter funding	0.00%
d.	Any other sector (as applicable)	0.00%
e.	Others	0.00%
	Total	100%

B. Residual Maturity Profile of Assets and Liabilities as on March 31, 2018:

(₹ 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	-	-	-	-	-	-	-	-	-
Advances	19,497.52	7,487.20	18,379.42	52,384.95	1,18,539.35	7,325.89	319.50	0.00	2,23,933.83
Investments	-	-	-	-	-	-	-	-	-
Borrowings	402.51	335.83	4,965.34	22,567.90	75,256.88	84,047.38	26,301.16	7,859.34	2,21,736.34
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

C. Denomination of the loans outstanding by ticket size as on March 31, 2018*:

Sl. No.	Loan to value**	Amount
1.	Up to ₹ 2 lakhs	89.91%
2.	₹ 2 lakhs to 5 lakhs	1.98%
3.	₹ 5 lakhs to 10 lakhs	0.28%
4.	₹ 10 lakhs to 25 lakhs	0.26%
5.	₹ 25 lakhs to 50 lakhs	0.19%
6.	₹ 50 lakhs to 1 crore	0.84%
7.	₹ 1 crore to 5 crores	5.31%
8.	₹ 5 crores to 25 crores	1.23%
9.	₹ 25 crores to 100 crores	0.00
10.	Above ₹ 100 crores	0.00
Total		100%

* Loan to value, at the time of origination

**The details provided are as per borrower and not as per loan account.

D. Denomination of loans outstanding by LTV as on March 31, 2018*:

Sl. No.	LTV	Percentage of loans
1.	Up to 40%	1.18%
2.	40%-50%	1.24%
3.	50%-60%	13.05%
4.	60%-70%	19.06%
5.	70%-80%	65.47%
6.	80%-90%	0.00%
7.	More than 90%	0.00%
Total		100%

*LTV at the time of origination

E. Geographical classification of our borrowers as on March 31, 2018:

Sl. No.	States	Percentage of loans
1.	Tamil Nadu	48.66%
2.	Kerala	27.78%
3.	Karnataka	12.47%
4.	Maharashtra	4.41%
5.	Andhra Pradesh	4.01%
6.	Delhi	1.16%
7.	Puducherry	0.61%
8.	Telangana	0.59%
9.	Gujarat	0.31%
Total		100.00%

F. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2018:

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	10,794.44
Percentage of advances to twenty largest borrowers to total advances to our Company	4.82%

(a) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2018:

(₹ in lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	2,436.93	703.75
Percentage of exposure to twenty largest borrowers to total exposure to our Company	1.10%	0.32%

G. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2018:

Movement of gross NPA	Amount (₹ in lakhs)
Opening gross NPA	1,089.70
- Additions during the year	1,399.78
- Reductions during the year	294.17
Closing balance of gross NPA	2,195.31

Movement of net NPA	Amount (₹ in lakhs)
Opening net NPA	506.71
- Additions during the year	1,036.97
- Reductions during the year	229.21
Closing balance of net NPA	1,314.47

Movement of provisions for NPA	Amount (₹ in lakhs)
Opening balance	582.99
- Provisions made during the year	362.81
- Write-off/ write-back of excess provisions	64.96
Closing balance	880.84

H. Segment-wise gross NPA as on March 31, 2018:

Sl. No.	Segment-wise gross NPA	Gross NPA*
1.	Retail	
a.	Mortgages (home loans and loans against property)	7.75%
b.	Gold Loans	0.36%
c.	Vehicle Finance	0.00
d.	MFI	0.00
e.	M & SME	0.00
f.	Capital market funding (loans against shares, margin funding)	0.00
g.	Others	59.24%
2.	Wholesale	
a.	Infrastructure	Nil
b.	Real Estate (including builder loans)	Nil
c.	Promoter funding	Nil
d.	Any other sector (as applicable)	Nil
e.	Others	Nil

*Gross NPA means percentage of NPAs to total advances in that sector.

I. Classification of loans/advances given to associates, entities/persons relating to the Board, senior management, Promoters, others, etc.

Particulars	Amount (₹ in lakhs)*
Loans to Promoters	1,269.00
Other loans	2,22,664.83
Total	2,23,933.83

*Please note that the figures disclosed in this table are as on March 31, 2018

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

Agreement dated November 16, 2018, 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 seven years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

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

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The contact details of Registrar to the Issue are as follows:

Karvy Fintech Private Limited

(previously known as Karvy Computershare Private Limited)

Karvy Selenium Tower B

Plot 31-32,

Financial District, Nanakramguda

Serilingampally, Rangareddy

Hyderabad – 500 032, Telangana

Tel: +91 40 6716 2222

Fax: +91 40 2343 1551

Email: kosamattam.ncdipo15@karvy.com

Investor Grievance Email: einward.rti@karvy.com

Website: www.karisma.karvy.com

Contact Person: M Murali Krishna

SEBI Registration Number: INR000000221

CIN: U67200TG2017PTC117649

Sreenath P. 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:

Sreenath P.

Kosamattam Finance Limited

Kosamattam MKC Building,

M. L. Road, Market Junction,

Kottayam – 686 001,

Tel.: +91 481 258 6506

Fax: +91 481 258 6500

E-mail: cs@kosamattam.com

Change in Auditors of our Company during the last three years

The erstwhile statutory auditors of our Company, M/s Cheeran Varghese & Co., Chartered Accountants were replaced by M/s. Shamsudeen & Co., Chartered Accountants, who were appointed for a period of five financial years with effect from April 1, 2017 to March 31, 2022, pursuant to a resolution of our shareholders at their general meeting held on June 15, 2017.

Subsequently, M/s. Shamsudeen & Co., Chartered Accountants resigned and consequently, M/s. Vishnu Rajendran & Co., Chartered Accountants, were appointed, as our Company's statutory auditors to fill in the casual vacancy caused by the resignation of M/s. Shamsudeen & Co., Chartered Accountants, pursuant to a resolution of our shareholders at their general meeting held on January 20, 2018.

Other disclosures

On February 26, 2018, the Financial Intelligence Unit - India, Ministry of Finance categorised Kosamattam Mathew K Cherian Financiers Private Limited (since then merged with our Company vide an order of the NCLT

dated June 26, 2018) as a 'High Risk Financial Institution' on account of non-compliance with the Prevention of Money Laundering Act, 2002 and the rules made thereunder in relation to not undertaking registration of principal officer as on January 31, 2018. Our Company made requisite filings on April 3, 2018 and submitted the same to the Financial Intelligence Unit.

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

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.

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs (“**NBFC-ND**”).

As of May 31, 2018, the RBI has issued an updated *Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended*, (“**Master Directions**”) applicable to all NBFC-NDSI’s.

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its ‘principal business’ is to be treated as an NBFC. The term ‘principal businesses has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued on April 08, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide 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. 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.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

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

- Asset finance companies;
- Investment companies;
- Systemically Important Core Investment Company;
- Loan companies and/or
- Infrastructure finance companies.
- Infrastructure debt fund - NBFCs;
- NBFC - micro finance institutions ;
- NBFC –Factors;
- Mortgage guarantee companies; and/or
- NBFC- non-operative financial holding company

Our Company has been classified as an NBFC-ND-SI.

Systemically Important NBFC-NDs

The RBI in its notification (RBI/2014-15/520 DNBR (PD) CC.No.024/03.10.001/2014-15) dated March 27, 2015 revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lakhs and above as per the last audited balance sheet. Moreover, all NBFCs-ND with assets of ₹50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists. This amendment also requires that the NBFCs primarily engaged in lending against gold jewellery have to maintain a minimum Tier 1 capital of 12% with effect from April 01, 2014.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio (“**CRAR**”) of 15%.

Loan-to-value guidelines

The RBI vide the Master Directions, directed all NBFCs to: (i) maintain a loan-to-value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and; (ii) disclose in their balance sheet the percentage of such loans to their total assets.

Further, NBFC’s are also required to not grant any advance against bullion / primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%.

Rating of NBFCs

Pursuant to the RBI Master Directions, all NBFCs with an asset size of ₹5,000 million are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Prudential Norms

The Master Directions amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. Further the concentration of credit/ investment norms shall not apply to a systemically important non-banking financial

company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

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 Master Directions.

In the interests of counter cyclicalities and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI vide their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25% of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 11, 2015 and the Master Directions has sought to raise the provision for standard assets to 0.40% 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% of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% 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% of the Tier I capital.

Tier-I Capital, are defined as owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year. Further the RBI vide circular dated March 27, 2015 require the NBFCs primarily engaged in the business of lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier I capital of 12%.

Owned Funds, are defined as paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital is defined to include the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15% of the Tier -I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of

the Master Directions, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings. Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

Asset Classification

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

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

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present, every NBFC is required to make a provision for standard assets at 0.25% of the outstanding. RBI vide its notification dated November 10, 2014 has increased the requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D to 0.40%, which is to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 2018.

Net Owned Fund

Section 45-I A 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 ₹2,00,00,000 (Rupees two crores only). 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% of (a) above.

Further in accordance with the RBI Master Directions, 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 two hundred lakhs of rupees, may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of two hundred lakhs of rupees before April 1, 2017.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such 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 withdrawal.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, updated as on 31st May, 2018 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 our 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 Master 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 ₹2,000 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.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. 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 systematically 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.

Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 dated February 25, 2016 ("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

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹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-SI 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-SI. In terms of the circular, all NBFCs-ND-SI 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-SI. 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-SI, the auditor shall make a separate report to the Board of Directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income

pattern) as on 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- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) 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 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 unfavourable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

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.

Lending against security of Gold Jewellery

The RBI has issued a circular dated March 21, 2012 stipulating that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier 1 capital of 12% by April 01, 2014. The RBI vide its circular RBI/2013-14/260 DNBS.CC.PD.No.356/03.10.01/2013-14 dated September 16, 2013 issued guidelines with regard to the following:

- (i) **Appropriate Infrastructure for storage of gold ornaments:** A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.
- (ii) **Prior approval of RBI for opening branches in excess of 1,000:** It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.
- (iii) **Standardization of value of gold in arriving at the loan to value ratio:** For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by The Bombay Bullion Association Limited.
- (iv) **Verification of the Ownership of Gold:** NBFCs should have Board approved policies in place to satisfy ownership of the gold jewellery and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy.
- (v) **Auction Process and Procedures:** The following additional stipulations are made with respect to auctioning of pledged gold jewellery:
 - a. The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located.
 - b. While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.

- c. It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
- d. NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

(vi) *Other Instructions:*

- a. NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹500,000.
- b. High value loans of ₹100,000 and above must only be disbursed by cheque.
- c. Documentation across all branches must be standardized.
- d. NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Thereafter, the RBI has by circular bearing number RBI/2013-14/435 DNBS.CC.PD.No.365/03.10.01/2013-14 dated January 08, 2014 raised the loan to value ratio to 75% for loans against the collateral of gold jewellery. Further, the circular also provides for certain clarifications as regards standardisation of the value of gold and verification of the ownership of gold.

Power generation regulations

The Ministry of New and Renewable Energy (“MNRE”) regulations

The MNRE is the Central Government ministry with the mandate for formulating schemes and policies for the research, development, commercialisation and deployment of renewable energy systems/devices for various applications in rural, urban, industrial and commercial sector. The MNRE has issued a number of guidelines and schemes on power generation through renewable sources, including a ‘Special Programme on Small Wind Energy and Hybrid Systems’. In order to ensure quality of wind farm projects and equipments, the MNRE introduced the “Revised Guidelines for wind power projects” (“**MNRE Guidelines**”) on June 13, 1996 for the benefit of state electricity boards, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNRE Guidelines are periodically updated and issued. The MNRE Guidelines among other things makes provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNRE Guidelines lay down guidelines for the planned development and implementation of wind power projects.

The MNRE Guidelines set out the conditions that are required to be met for establishing wind farms and manufacturing and supplying equipment for wind power projects. These conditions include submission of detailed project reports, approval of sites for wind power installations, type certification by independent testing and certification agencies (either the Centre of Wind Energy Technology, Chennai or the International certification agency). Further, all installations are to be carried out only on sites that are approved for wind power projects by the MNRE. The MNRE Guidelines stipulate that a no objection certificate will be issued only after analysing the wind data to ensure adequate availability of wind at the specific site. Also, no approval will be granted for a wind power project which involves the installation of used wind turbines imported into India.

The Indian Renewable Energy Development Agency Limited (“IREDA”)

The IREDA is a public limited government company under the administrative control of the MNRE and is engaged in encouraging the production of energy through renewable sources. In this respect, the IREDA offers financial support to specific projects and schemes for generating electricity, and promotes the energy conservation through by improving the efficiency of systems, processes and resources engaged in energy production and distribution. In particular, the IREDA offers scheme and incentives for the promotion of wind based energy production.

Electricity Act, 2003

Under the Electricity Act, 2003, which repealed all the earlier enactments pertaining to this sector, the activity of generation of wind power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility. The government has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power.

Further, the Electricity Act, 2003 also mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. As far as the tariff and wheeling charges are concerned, it is stipulated that they should be decided by respective regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998.

Electricity Regulatory Commissions

Electricity Act retains the two-level regulatory system for the power sector. At the central level, the Central Electricity Regulatory Commission (“CERC”) is responsible for regulating tariff of generating stations owned by the central government, or those involved in generating or supplying in more than one states, and regulating inter-state transmission of electricity. The State Electricity Regulatory Commissions (“SERCs”) on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, 2005, Tariff Policy, 2006 and the National Electricity Plan while discharging their functions under Electricity Act. The Electricity Regulatory Commissions are also guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The Electricity Regulatory Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

The CERC has notified the CERC (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations on January 14, 2010 to the promotion of power generation through renewable sources of energy. In this respect, these regulations contemplate two categories of certificates, solar and non-solar certificate. The CERC has designated the National Load Dispatch Center to issue registration certificates and undertakes to provide for the floor price (minimum) and forbearance price (maximum) for non-solar certificates.

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 issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a “without recourse” basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting *inter alia* any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act

Foreign Investment Regulations

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the Government of India and the RBI. Pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the “**SOP**”). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the “**Competent Authority**”) for the grant of *post facto* approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA prevails. The Consolidated FDI Policy consolidates the policy framework in place as on August 27, 2017.

Under the approval route, prior approval from the RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the relevant ministry of the GoI.

As per the sector specific guidelines of the Government of India, the following are the relevant norms applicable for FDI in NBFCs:

- (a) FDI investments up to 100% of the paid-up share capital of the NBFC is allowed under the automatic route in the following NBFC activities:
 - (i) Merchant banking;
 - (ii) Underwriting;
 - (iii) Portfolio Management Services;
 - (iv) Investment Advisory Services;
 - (v) Financial Consultancy;
 - (vi) Stock Broking;
 - (vii) Asset Management;

- (viii) Venture Capital;
- (ix) Custodial Services;
- (x) Factoring;
- (xi) Credit rating Agencies;
- (xii) Leasing and Finance;
- (xiii) Housing Finance;
- (xiv) Forex Broking;
- (xv) Credit card business;
- (xvi) Money changing Business;
- (xvii) Micro Credit; and
- (xviii) Rural Credit.

(b) Minimum Capitalisation Norms for fund based NBFCs:

(i) For FDI up to 51% - US\$ 0.5 million to be brought up front.

(ii) For FDI above 51% and up to 75% - US \$ 5 million to be brought up front.

(iii) For FDI above 75% and up to 100% - US \$ 50 million out of which US \$7.5 million to be brought up front and the balance in 24 months

(iv) NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$ 50.00 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by the FDI Policy at paragraph 3.10.4.1, therefore, shall not apply to downstream subsidiaries.

(v) Joint venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (b)(i), (ii) and (iii) above and (vi) below.

(vi) Non- Fund based activities: US \$0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment subject to the following condition. It would not be permissible for such a company to set up any subsidiary for any other activity, nor it can participate in any equity of an NBFC holding/operating company.

Following activities would be classified as Non-Fund Based activities”

- (a) Investment Advisory Services
- (b) Financial Consultancy
- (c) Forex Broking
- (d) Money Changing Business
- (e) Credit Rating Agencies
- (vii) These norms will be subject to compliance with the guidelines of RBI.

- (c) Where FDI is allowed on an automatic basis without Government approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where approval is obtained, no approval of the RBI is required except with respect to fixing the issue price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI Regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

FDI is allowed under the automatic route upto 100 % in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and the quantum of foreign direct investment.

New Consolidated Foreign Direct Investment Policy, 2016 which came in effect from June 7, 2016 continued relevant norms specified for 18 NBFC activities in earlier FDI Policy.

New Consolidated Foreign Direct Investment Policy 2016 which came in effect from June 7, 2016 further provided for FDI under automatic route up to 100% in White Labels ATM operations undertaken by Non-Banking entities subject to following conditions:

- i. Any non-bank entity intending to set up WLAs should have a minimum net worth of Rs. 100 crore as per the latest financial year's audited balance sheet, which is to be maintained at all times.
- ii. In case the entity is also engaged in any other 18 NBFC activities, then the foreign investment in the company setting up WLA, shall also have to comply with the minimum capitalization norms for foreign investments in NBFC activities.
- iii. FDI in the WLAO will be subject to the specific criteria and guidelines issued by RBI vide Circular No. DPSS.CO.PD.No. 2298/02.10.002/2011-2012, as amended from time to time.

Reserve Bank of India on September 09, 2016 vide Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Thirteenth Amendment) Regulations, 2016 made amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (Notification No. FEMA 20/2000-RB dated 3rd May 2000), in Schedule 1, in Annex B, Paragraph F.8 by providing FDI under automatic route up to 100% in Financial Services activities regulated by financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA, NHB or any other financial sector regulator as may be notified by the Government of India subject to other conditions introduced vide paragraph F.8.1 which are as follows:

- i. Foreign investment in 'Other Financial Services' activities shall be subject to conditionalities, including minimum capitalization norms, as specified by the concerned Regulator/Government Agency.
- ii. 'Other Financial Services' activities need to be regulated by one of the Financial Sector Regulators. In all such financial services activity which are not regulated by any Financial Sector Regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, foreign investment up to 100% will be allowed under Government approval route subject to conditions including minimum capitalization requirement, as may be decided by the Government.
- iii. Any activity which is specifically regulated by an Act, the foreign investment limits will be restricted to those levels/limit that may be specified in that Act, if so mentioned.
- iv. Downstream investments by any of these entities engaged in "Other Financial Services" will be subject to the extant sectoral regulations and provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time.

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.**

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 USD \$10,000 or its equivalent and/or the value of foreign currency notes does not exceed USD \$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. FFCs 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 FFCs 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. FFCs 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.
 - (iv) 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.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 (“**Code**”) was passed by the Upper House of the Parliament on May 11, 2016 (shortly after being passed by the Lower House on May 5, 2016). The Code has received the assent of the President of India on May 28, 2016. The Country now has a new legal regime that primarily enables time bound restructuring and bankruptcy of debtors. Some of the primary objectives with which the Code has been conceptualised are:

- a. to consolidate the laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships (“**LLPs**”) under one statutory umbrella and amending relevant laws;
- b. time bound resolution of defaults and seamless implementation of liquidation/ bankruptcy and maximising asset value;
- c. to encourage resolution as means of first resort for recovery;
- d. creating infrastructure which can eradicate inefficiencies involved in bankruptcy process by introducing National Company Law Tribunal (“**NCLT**”), Insolvency Resolution Professional Agencies (“**IPAs**”), Insolvency Professionals (“**IPs**”) and Information Utilities (“**IUs**”).

In order to cover bankruptcy of individuals, the Code will repeal the Presidency Towns Insolvency Act, 1909 and Provincial Insolvency Act, 1920. Additionally, the Code will amend 11 statutes including, inter alia, the Companies Act, 2013 (Companies Act) Sick Industrial Companies (Special Provisions) Repeal Act, 2003 (“**SICA**”), Limited Liability Partnership Act, 2008 (“**LLP Act**”), Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI**”) and Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (“**RDDBI**”). The Code seeks to establish an Insolvency and Bankruptcy Board of India (Board) which will function as the regulator for all matters pertaining to insolvency and bankruptcy. The Board will exercise a range of legislative, administrative and quasi-judicial functions.

The Code specifies 2 different adjudicating authorities (the Adjudicating Authority) which will exercise judicial control over the insolvency process as well as the liquidation process. In case of companies, LLPs and other limited liability entities (which may be specified by the Central Government from time to time), the NCLT shall be acting as the Adjudicating Authority. All appeals from NCLT shall lie with the appellate authority, i.e. the National Company Law Appellate Tribunal (“**NCLAT**”). In case of individuals and partnerships, the Adjudicating Authority would be the Debt Recovery Tribunal (“**DRT**”) with the Debt Recovery Appellate Tribunal (“**DRAT**”) continuing to be the appellate tribunal even for insolvency/ bankruptcy matters. The Supreme Court of India shall have appellate jurisdiction over NCLAT and DRAT.

Corporate Insolvency includes two processes within its ambit, (i) Insolvency Resolution and (ii) Liquidation. The Code prescribes a timeline of 180 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. The period is subject to a single extension of 90 days in the event the Adjudicating Authority (being petitioned by a resolution passed by a vote of 75% of the COC) is satisfied that the corporate insolvency resolution process cannot be completed within the period of 180 days. This time period is

also applicable to individual insolvency resolution process. During this period, the creditors and the debtor will be expected to negotiate and finalise a resolution plan (accepted by 75% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company (directly/indirectly) or be involved in the promotion or management of a company during the moratorium period. Further, he shall not dispose of his assets or travel abroad during this period, except with the permission of the Adjudicating Authority.

The bankruptcy of an individual can be initiated by the debtor, the creditors (either jointly or individually) or by any partner of a partnership firm (where the debtor is a firm), only after the failure of the Insolvency Resolution Process (“**IRP**”) or non-implementation of repayment plan. The bankruptcy trustee is responsible for administration of the estate of the bankrupt and for distribution of the proceeds on the basis of the priority set out in the Code.

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, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the 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:

Table “A” not to apply

1. (a) The regulations contained in Table marked “A” in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall apply to the Company, except in so far as excluded, modified, varied or altered expressly or impliedly by the regulations of the Company hereinafter following or made from time to time.

Company to be governed by these Articles

- (b) The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed or permitted by Section 31 of the Act, be such as are contained in these Articles.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in General Meeting increase its Share Capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

- (a) Subject to the provisions of Sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said Sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of Shares

- (b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital, then
- (i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.
 - (ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
 - (iii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.
- (c) Notwithstanding anything contained in the preceding sub-clause (1), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-section (1)) in any manner whatsoever:
- (i) if a special resolution to that effect is passed by the company in general meeting, or
 - (ii) where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (d) Nothing in clause (c) of sub-section (1) shall be deemed –
- (i) to extend the time within which the offer should be accepted, or
 - (ii) to authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this article shall apply -
- to the increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the company –
- (i) to convert such debentures or loans into shares in the company, or
 - (ii) to subscribe for shares in the company; (Whether such option is conferred in these Articles or otherwise.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of debentures or the raising

of the loans, or is in conformity with the rules 197, if any, made by that Government in this behalf; and

- (b) in the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.

Shares at the disposal of the Directors

- (e) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Same as Original Capital

- (f) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the original Capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

- 7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that:

- (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;
 - (ii) no such shares shall be redeemed unless they are fully paid;
 - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed.
 - (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a Reserve Fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up Share Capital of the Company.
- (b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
 - (c) The redemption of preference shares under these provisions by the Company shall not be taken as

reducing the amount of its Authorised Share Capital.

- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly, the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relate to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid up bonus shares.

Provision in case of Redemption of preference shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, be giving not less than six-month's previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :
- (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its Registered Office in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the Registered Office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The Shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid, where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate, therefore.

Reduction of Capital

9. The Company may from time to time by special resolution, subject to confirmation by the Court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be:
- (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up Share Capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up Share Capital which is in excess of the wants of the Company;

and may, if and so far, as is necessary, alter its Memorandum, by reducing the amount of its Share Capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say it may;

- (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;
- (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;
- (d) cancel, shares which at the date of such General Meeting have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled.

Notice to Register of Consolidation of Share Capital, Conversion of shares into stocks etc.

11. (a) If the Company has:
- (i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;
 - (ii) converted any shares into stock;
 - (iii) reconverted any stock into shares;
 - (iv) sub-divided its share or any of them;
 - (v) redeemed any redeemable preference shares; or
 - (vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,
- the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.
- (b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

- 12 If at any time the Share Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further Shares not to affect right of existing share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other

rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.
- (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the Capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting

Every share transferable etc.

20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called “the Share Premium Account” and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the Share Premium Account were paid-up Share Capital of the Company.
- (b) The Share Premium Account may, notwithstanding, anything in clause (a) above, be applied by the Company.
- (i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (ii) in writing off the preliminary expenses of the Company;
 - (iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
 - (iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he 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.

Buy back of Shares

- 22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and Regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more instalments as the Board may in its discretion decide and deem fit. Such Shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules and regulations governing such issue.

Acceptance of Shares

23. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Deposits and calls etc. to be a debt payable immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or

direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognised

25. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holders of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any Stock Exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

- (b) The Certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

27. (a) Every member shall be entitled, without payment, to one or more Certificate in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such Certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors may prescribe or approve provided that in respect of a 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 of shares to one of several joint holders shall be sufficient delivery to all such holders.
- (b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity Shares/10 (Ten) debentures (all relating to the same series) in market lots as the case may be.

Provided however this restriction shall not apply to an application made by the existing members or debenture holders for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

- (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulations) Act, 1956 as may be applicable.

Issue of new Certificate in place of one defaced, lost or destroyed

28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any Certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under these Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Re. 2/- for each Certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulations) Act, 1956 or any other Act, or Rules applicable in this behalf.

29. The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

UNDERWRITING COMMISSION AND BROKERAGE**Power to pay certain commission and prohibition of payment of all other commission, discounts etc.**

30. (A) The Company may pay a commission to any person in consideration of:
- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or
 - (ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely:
 - (a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
 - (b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of prospectus and filed before the payment of the commission with the registrar, and where a circular or notice, not being a prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
 - (c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
 - (d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus, for registration.
- (B) Save as aforesaid and save as provided in Section 79 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of:
- (i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
 - (ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.

- (C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- (D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.
- (E) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Directors may make Calls

- 31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such members/debenture holders shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Directors. A Call may be made payable by instalments. A call may be postponed or revoked as the Board may determine. The option or right to call of shares shall not be given to any of the person except with the sanction of the Issuer in general meeting.

Calls to date from resolution

- 32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed and may be made payable by members/debenture holders on a subsequent day to be specified by the Directors.

Notice of Call

- 33. Thirty days' notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

- 34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be Calls

- 35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a Call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a Call duly made and notified.

Instalments on shares to be duly paid

- 36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When interest on call or instalment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

40. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry Interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him beyond the sum actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.
- (b) The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
43. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debentures shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Clause. That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and 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 persons entitled to the shares and/or debentures at the date of the sale.

Outsider's lien not to affect Company's lien

- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

COMMISSION ON SHARES

The Director may at any time pay a commission to any person for subscribing or agreeing to subscribe whether absolutely or conditionally or agreeing to subscribe whether absolutely or conditionally for any shares, debentures in the Company, but so that if the commission in respect of shares shall be paid out of capital, the statutory conditions and requirement shall be observed and complied with. The rate of commission shall not exceed 5 percent on the shares or 2.5 percent on debentures subscribed. The commission may be paid or satisfied in cash or shares or debenture of the Company.

FORFEITURE

If call or instalment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any shares or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in

part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of Notice

- (b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actual paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

49. When any shares/debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or Debenture Holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share to be property of Company and may be sold

50. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

51. The Directors may, at any time, before any share forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders still liable to pay money owing at time of forfeiture and interest

52. Any member whose shares or have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

54. A certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call-in respect of a share was made and notice thereof given and that default in payment of the call was made and that forfeiture of the share was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of Members or Register of Debenture Holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of Members or Debenture Holders in respect of such shares or debentures the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share Certificate in respect of forfeited shares

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Directors shall be entitled to issue a duplicate certificate/s in respect of the said shares to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares

57. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof, and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering those on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**Register of Transfers**

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer

60. The instrument of transfer shall be common, in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

'Dematerialisation of Securities'

60A. (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

- (2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

(ii) Option for Investors:

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

(iii) Securities in Depository to be in fungible form:

All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:

- (a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

(v) Service of Documents:

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:

Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with in a depository:

Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Register and Index of Members:

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form

of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

Directors may refuse to register transfer

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion any by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either; alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of Shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- (e) The Company shall accept all applications for transfer of shares/debentures, however, this condition

shall not apply to requests received by the Company.

- (A) for splitting of a share or debenture certificate into several scripts of very small denominations;
- (B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.
 - (i) transfer of equity shares/debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;
 - (ii) the transfer of the entire equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
 - (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
 - (iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share. However, the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever;

Custody of Instrument of transfer

- 64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer books and Register of members when closed

- 65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Transfer to Minors etc.

- 66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

- 67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession

Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.
- (b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

‘Nomination’

- (c) (1) Every Shareholder or Debenture holder or Deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.
- (2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A(11) and 109A of the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or Deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

‘Transmission of Shares or Debentures’

- (d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –
- (a) to register himself as holder of the Share or Debenture, as the case may be; or
- (b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case may be, could have made.

- (2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.
- (3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

Claimant to be entitled to same advantage

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares 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 meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interest, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No Fees on transfer or transmission

74. No fees shall be charged for registration of transfer transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death of Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right,

title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give affect thereto if the Directors shall so think fit.

76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any shares/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

- (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debentures.

Transfer by joint holders

- (b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

- (c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

- (d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

- (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

- (f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holders of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

- (g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such

persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company:

- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
- (b) remit, or give time for the repayment of any debt due by a Director.
- (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
- (d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.
- (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three-financial year immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. 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 or such other types of debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

Terms of Issue of Debentures

80. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution

Bonds, debentures etc. to be subject to the control of Directors

Any bonds, debentures, debenture stocks 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.

Provided that bonds, debentures, debenture stocks or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

- (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in Section 125 of the Act.
- (e) The term 'charge' shall include mortgage in these Articles.
- (f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of Certificate

- (g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of the inspect Trust Deed

- (h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.

- (1) In the case of a printed Trust Deed of the sum of Rupee One and

(2) In the case of a Trust Deed which has not been printed of thirty-seven paise for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

Mortgage of uncalled Capital

83. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled Capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.
- (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.
- (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.
- (f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pari passu*.
- (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
- (h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
- (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.
- (j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.
- (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.

- (l) The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
 - (i) a short description of the property charged;
 - (ii) the amount of the charge; and
 - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
- (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

SHARE WARRANTS**Power to issue share warrants**

87. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the board may from time to time require issue a share warrant.

Deposit of share warrant

88. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of Members as the holder of the share included in the deposited warrant.
- (b) Not more than one person shall be recognised as depositor of the share warrant.
- (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant

89. (a) Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant, and he shall be a member of the Company.

Issue of new share warrant or coupon

90. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

91. The Company in general meeting may convert any paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

Rights of stock holders

92. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profit 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 privileges or advantages.

GENERAL MEETINGS**93. Annual General Meeting**

Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, 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.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's Report the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statement of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

94. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings.

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.
- (c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid-up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called:
- (i) by the requisitionists themselves;
- (ii) by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

- (g) A meeting, called under clause (f) above, by the requisitionists or any of them:
- (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
- (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.
- (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

98. (a) A general meeting of the Company may be called by giving not less than twenty-one days' notice in writing.
- (b) A general meeting of the Company may be called after giving shorter notice than that specified in clause

- (a) above, if consent is accorded thereto;
- (i) in the case of an annual general meeting by all the members entitled to vote thereat; and
- (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety-five) percent of such part of the paid-up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

99. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (b) Notice of every meeting of the Company shall be given:
- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
 - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of the Company and
 - (iv) to all the Directors of the Company

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

100. (A) For the purpose of this Article:
- (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
 - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
 - (b) the declaration of a dividend;
 - (c) the appointment of Directors in the place of those retiring, and
 - (d) the appoint of and the fixing of the remuneration of the auditors, and

(ii) in the case of any other meetings, all business shall be deemed special.

- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other Company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the proviso to sub-section (2) of Section 173 of the Act.

- (C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.
- (ii) In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

- (c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

- (b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

- (c) (i) The chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of the themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

- (d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and place to place in the city, town or village where the registered office of the Company is situated.

Business at adjourned meeting

- (e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

- (f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

- (g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

103. Proxies

- (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

- (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty-eight) hours before the meeting in order that the appointment may be effective thereat.
- (d) The instrument appointing a proxy shall:
 - (i) be in writing, and
 - (ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

Form of proxy

- (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.
- (f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- (g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

104. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited for exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How member's non-compos minutes and minor may vote

- (c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.
- (d) **Votes in respect of shares of deceased or insolvent members etc.**

Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

- (e) **Custody of Instrument**

If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects, a copy thereof examined with the

original, shall be delivered to the Company to remain in the custody of the Company.

(f) Validity of votes given by proxy notwithstanding death of members etc.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

(g) Time for objections for vote

No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

(h) Chairman of any meeting to be the judge of any vote

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.
- (b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty-eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutinizers at poll

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him.
- (b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and to fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

- (c) Of the two scrutinizers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

- 114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

- 115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls are demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

- 116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Circulation of member's resolution

- 117. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolution.

Resolution requiring special notice

- 118. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

- 119. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

- 120. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings

- 121. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:
 - (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of

the said meeting or the Chairman of the next succeeding meeting.

- (ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
 - (i) the names of the Directors present at the meetings, and
 - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
 - (i) is or could reasonably be regarded, as defamatory of any person
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

122. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

123. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
- (i) be kept at the registered office of the Company, and
 - (ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of

thirty-seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings

124. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

125. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

175. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

176. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

177. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time of payment of dividend

178. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

179. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

180. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in General Meeting may declare dividends

181. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividend

182. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

183. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that :

- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;
- (b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

184. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

185. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

186. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under the clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement there from

187. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or

dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

188. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

189. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid or Unclaimed Dividend

190. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of KOSAMATTAM FINANCE LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

- (c) No unpaid or unclaimed dividend shall be forfeited by the Board before the claim becomes barred by law

Dividend and call together

191. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALISATION**Capitalisation**

193. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any money's investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve

Account) may be capitalised;

- (i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or
 - (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.
Provided that any amounts standing to the credit of the Share Premium Account may be applied in;
 - (1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (2) in writing off the preliminary expenses of the Company;
 - (3) in writing of the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.
- (b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.
- (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a) (ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.
- (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.
- (e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

194. When deemed requisite, a proper contract shall be filed with the Registrar of Companies in accordance with

the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

DOCUMENTS AND NOTICES

Service of Notice by member

212. A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate or posting or by registered post or by leaving it at its Registered Office.

The term “Notice” in this and the following clauses shall include summons, notice, requisition, order, judgement or other legal papers and any document.

Service of Notice on Register

213. A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

214. (a) A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him.
- (b) Where a Notice is sent by post:
- (i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgment due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
 - (ii) Such service shall be deemed to have been effected:
 - (1) in the case of a Notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and
 - (2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

- (c) A Notice advertised in a newspaper circulating in neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notice to him.

On joint holder

- (d) Any notice may be served by the Company on the Joint-holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On Personal Representative

- (e) A Notice may be served by the Company on the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees of the insolvent or by any like description, at

the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

215. Any Notice given by the Company shall be signed by a Director, or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

216. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the director, the Managing Director, the Manager, the Secretary or other authorised Officer of the Company and need not be under its Common Seal

WINDING UP**Distribution of Assets**

217. (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.
218. Subject to the provisions of the Act.

Distribution in specie or kind

- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributors, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

219. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

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 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 this Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 am to 4:00 pm on Working Days from the date of the filing of this Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

1. Agreement dated November 27, 2018, between the Company and the Lead Manager;
2. Agreement dated November 16, 2018, between the Company and the Registrar to the Issue;
3. Debenture Trusteeship Agreement dated November 12, 2018, between the Company and Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited), the Debenture Trustee;
4. Public Issue Account Agreement dated December 10, 2018 between our Company, Lead Manager, the Registrar, the Public Issue Account Bank and the Refund Bank;
5. Syndicate Agreement dated December 14, 2018 between the Company and the Syndicate Members;
6. Tripartite Agreement dated March 21, 2014 between CDSL, the Company and the Registrar to the Issue; and
7. Tripartite Agreement dated March 27, 2014 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Original certificate of incorporation of Company dated March 25, 1987, issued by Registrar of Companies, Kerala and Lakshadweep;
2. Revised certificate of incorporation of the Company dated June 08, 2004, issued by Registrar of Companies, Kerala and Lakshadweep pursuant to change of name;
3. Fresh certificate of incorporation of the Company dated November 22, 2013, issued by Registrar of Companies, Kerala and Lakshadweep pursuant to the conversion of our Company from private limited company to a public limited company;
4. Memorandum and Articles of Association of the Company, as amended to date;
5. The certificate of registration No. B-16.00117 dated December 19, 2013 issued by RBI under Section 45IA of the RBI Act;
6. Full-fledged money changers license bearing license number FE. CHN.FFMC.40/2006 dated February 7, 2006 by the RBI which is valid up to February 29, 2020;
7. Credit rating letter dated November 27, 2018, from India Rating & Research Private Limited;
8. Copy of the Board Resolution dated October 8, 2018, approving the Issue;
9. Resolution passed by the shareholders of the Company at the Extraordinary General Meeting held on September 29, 2018, approving the overall borrowing limit of Company;
10. Copy of the Debenture Committee resolution dated December 4, 2018, approving the Draft Prospectus;
11. Copy of the Debenture Committee resolution dated December 19, 2018, approving this Prospectus;

12. Memorandum of Understanding dated May 07, 2004, between Mathew K Cherian (representative of the “**Buyers**”) and Thomas Porathur (representative of the “**Sellers**”);
13. Consents of the Directors, Chief Financial Officer, Lead Manager, Debenture Trustee, Syndicate Member, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Counsel to the Issue, Public Issue Account Bank, Refund bank, Bankers to the Company and the Registrar to the Issue, to include their names in this Prospectus;
14. The consent of our Statutory Auditors, namely M/s. Vishnu Rajendran & Co., Chartered Accountants dated November 26, 2018, for inclusion of their names as the Statutory Auditors and experts;
15. Annual Reports of the Company for last five Financial Years ending March 31, 2014 to March 31, 2018;
16. The examination report of the Statutory Auditors, M/s. Vishnu Rajendran & Co., Chartered Accountants dated December 3, 2018, in relation to the Reformatted Financial Statements included herein;
17. The Limited Review Report of the Statutory Auditors, M/s. Vishnu Rajendran & Co., Chartered Accountants, dated November 12, 2018 on Limited Review Financial Statements for the six-month period ended on September 30, 2018;
18. A statement of tax benefits dated November 26, 2018, received from M/s. Vishnu Rajendran & Co., Chartered Accountants regarding tax benefits available to us and our debenture holders;
19. In-principle listing approval letter dated December 12, 2018 issued by BSE, for the Issue; and
20. Due Diligence certificate dated December 19, 2018, filed with SEBI by the Lead Manager.

Any of the contracts or documents mentioned in this 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 applicable provisions of Companies Act, 1956, provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, the Companies Act, 1956, 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 Debt Securities) Regulations, 2008, have been complied with and no statement made in this Prospectus is contrary to the applicable provisions of the Companies Act, 1956, relevant provisions of the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Directors of our Company

Mathew K Cherian

Laila Mathew

Jilu Saju Varghese

Paul Jose Maliakal

C. Thomas John

Date:

Place: Kottayam

ANNEXURE I - DAY COUNT CONVENTION

Day count convention

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs for Options II, IV, V and VIII which have tenors on cumulative basis.

For Options I, III, VI and VII the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE.

Company	Kosamattam Finance Limited	
Face Value	₹1,000	
Day and Date of Allotment (tentative)	Thursday, January 31, 2019	
Options	I	II
Tenure	18 months	24 months
Coupon (%) for NCD Holders in Category I, II and III	9.50%	NA
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Cumulative
Day Count Convention	Actual/ Actual	

Option I

Company	Kosamattam Finance Ltd.
Face Value	₹1,000
Day and date of Allotment (tentative)	Thursday, January 31, 2019
Tenure	18 months
Coupon (%) for NCD Holders in Category I, II and III	9.50%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/ Actual

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount (in ₹)
1 st coupon	Friday, March 1, 2019	29	7.55
2 nd coupon	Monday, April 1, 2019	31	8.07
3 rd coupon	Wednesday, May 1, 2019	30	7.81
4 th coupon	Saturday, June 1, 2019	31	8.07
5 th coupon	Monday, July 1, 2019	30	7.81
6 th coupon	Thursday, August 1, 2019	31	8.07
7 th coupon	Monday, September 2, 2019	32	8.33
8 th coupon	Tuesday, October 1, 2019	29	7.55
9 th coupon	Friday, November 1, 2019	31	8.07
10 th coupon	Monday, December 2, 2019	31	8.07
11 th coupon	Wednesday, January 1, 2020	30	7.79
12 th coupon	Saturday, February 1, 2020	31	8.05
13 th coupon	Monday, March 2, 2020	30	7.79
14 th coupon	Wednesday, April 1, 2020	30	7.79

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount (in ₹)
15 th coupon	Friday, May 1, 2020	30	7.79
16 th coupon	Monday, June 1, 2020	31	8.05
17 th coupon	Wednesday, July 1, 2020	30	7.79
18 th coupon	Thursday, July 30, 2020	29	7.53
Principal/			
Maturity value	Thursday, July 30, 2020	-	1000

Option II

Company	Kosamattam Finance Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Thursday, January 31, 2019
Tenure	24 Months
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	1,210
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/ Actual

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	Saturday, January 30, 2021	731 days	1,210

NOTES:

- Effect of public holidays has been ignored as these are difficult to ascertain for future period.
- As per SEBI circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.
- Deemed date of allotment has been assumed to be Thursday, January 31, 2019.
- The last coupon payment will be paid along with maturity amount at the redemption date.
- The number of days in a leap year has taken as 366 and all other case it has been taken as 365.

ANNEXURE II - RATING RATIONALE

Please refer next page.

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