MUTHOOT FINANCE LIMITED

Our Company was originally incorporated at Kochi, Kerala as a private limited company on March 14, 1997 under the provisions of the Companies Act, 1956, with the name "The Muthoot Finance Private Limited". Subsequently, by a fresh certificate of incorporation dated May 16, 2007, our name was changed to "Muthoot Finance Private Limited". Our Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent to change in status on December 02, 2008 from the Registrar of Companies, Kerala and Lakshadweep. For further details regarding changes to the name and registered office of our Company, see section titled "History and Main Objects" on page 110 of the Shelf Prospectus. The corporate identity number of our Company is L65910KL1997PLC011300.

Registered and Corporate Office: 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi 682 018, India.
Tel: (+91 484) 239 4712; **Fax**: (+91 484) 239 6506; **Website**: www.muthootfinance.com; **Email**: ncd@muthootgroup.com.
Company Secretary and Compliance Officer: Maxin James; **Tel**: (+91 484) 6690247; **Fax**: (+91 484) 239 6506; **E-mail**: cs@muthootgroup.com

PUBLIC ISSUE BY MUTHOOT FINANCE LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT OF ₹ 1,000 MILLION ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹ 9,000 MILLION AGGREGATING UP TO 10,000,000 NCDs AMOUNTING TO ₹ 10,000 MILLION ("TRANCHE III ISSUE LIMIT") ("TRANCHE III ISSUE") WHICH IS WITHIN THE SHELF LIMIT OF ₹ 40,000 MILLION AND IS BEING OFFERED BY WAY OF THIS TRANCHE III PROSPECTUS DATED SEPTEMBER 19, 2019 CONTAINING, INTER ALIA, THE TERMS AND CONDITIONS OF THIS TRANCHE III ISSUE ("TRANCHE III PROSPECTUS"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED FEBRUARY 05, 2019 ("SHELF PROSPECTUS") FILED WITH THE REGISTRAR OF COMPANIES, KERALA AND LAKSHADWEEP ("ROC"), BSE LIMITED AND SECURITIES AND EXCHANGE BOARD OF INDIA. THE SHELF PROSPECTUS AND THIS TRANCHE III PROSPECTUS CONSTITUTES THE PROSPECTUS ("PROSPECTUS").

PROMOTERS: M G GEORGE MUTHOOT, GEORGE ALEXANDER MUTHOOT, GEORGE THOMAS MUTHOOT, GEORGE JACOB MUTHOOT

GENERAL RISK

Investors are advised to read the Risk Factors on page 12 of the Shelf Prospectus and on page 12 of this Tranche III Prospectus carefully before taking an investment decision in this Tranche III Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer, the Shelf Prospectus and the Tranche III Prospectus including the risks involved. Specific attention of the investors is invited to the Risk Factors on pages 12 of the Shelf Prospectus and page 12 of this Tranche III Prospectus and "Material Developments" on page 148 of the Shelf Prospectus and page 46 of this Tranche III Prospectus before making an investment in this Tranche III Issue. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Registrar of Companies at Kerala and Lakshadweep ("**RoC**") or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Tranche III Prospectus read together with the Shelf Prospectus for this Tranche III Issue contains all information with regard to the Issuer and this Tranche III Issue, which is material in the context of this Tranche III Issue. The information contained in this Tranche III Prospectus read together with the Shelf Prospectus for this Tranche III Issue is true and correct in all material respects and is not misleading in any material respect and that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Tranche III 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 Tranche III Issue have been rated [ICRA] AA (Stable) by ICRA for an amount of upto ₹ 40,000 million vide its letter dated December 31, 2018 and further revalidated by letters dated January 30, 2019, April 24, 2019 and August 28, 2019 and have been rated CRISIL AA/Stable by CRISIL for an amount upto ₹ 40,000 million vide its letter dated January 18, 2019 and further revalidated by letters dated January 31, 2019, April 22, 2019 and September 03, 2019. The rating of the NCDs by ICRA and CRISIL indicates high degree of safety regarding timely servicing of financial obligations. The rating provided by ICRA and CRISIL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to pages 227 to 253 of this Tranche III Prospectus for rating letter and rationale for the above rating.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated January 28, 2019 had been filed with the BSE pursuant to regulation 6A, 6(1) and 6(2) of the Debt Regulations and was open for public comments for a period of seven Working Days until 5 p.m. on February 04, 2019.

LISTING

The NCDs offered through this Tranche III Prospectus are proposed to be listed on BSE. For the purposes of this Tranche III Issue, BSE shall be the Designated Stock Exchange. Our company has received an "in-principle" approval for the Issue from BSE vide their letter no DCS/BM/PI-BOND/27/18-19 dated February 05, 2019.

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 section titled "Terms of the Issue" starting on page 126 of this Tranche III Prospectus. For details relating to eligible investors please see "The Issue" on page 44 of the Shelf Prospectus and page 61 of this Tranche III Prospectus.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE
Edelweiss Financial Services Limited Edelweiss House Off CST Road, Kalina Mumbai 400 098 Tel: (+91 22) 4086 3535 Fax: (+91 22) 4086 3610 Email: muthoot.ncd@edelweissfin.com Investor Grievance Email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Mr. Lokesh Singhi Compliance Officer: Mr. B Renganathan SEBI Registration No.: INM0000010650 CIN: L99999MH1995PLC094641	**A. K. Capital Services Limited** 30-38, Free Press House 3rd floor, Free Press Journal Marg 215, Nariman Point Mumbai - 400 021, India Tel: (+91 22) 6754 6500 Fax: (+91 22) 6610 0594 Email: mflncd2019@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akgroup.co.in Contact Person: Ms. Aanchal Wagle/ Mr. Malay Shah Compliance Officer: Mr. Tejas Davda SEBI Registration No.: INM000010411 CIN: L74899MH1993PLC274881	**LINK INTIME INDIA PRIVATE LIMITED** C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 089, India Tel: (+91 22) 4918 6200 Fax: (+91 22) 4918 6195 Email:mfl.ncd2019@linkintime.co.in Investor Grievance Email: mfl.ncd2019@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalakrishnan SEBI Registration No.: INR000004058 CIN: U67190MH1999PTC118368	**IDBI TRUSTEESHIP SERVICES LIMITED** Asian Building, Ground Floor 17 R, Kamani Marg, Ballard Estate Mumbai 400 001, India Tel: (+91 22) 4080 7000 Fax: (+91 22) 6631 1776 Investor Grievance Email: anjalee@idbitrustee.com Website: www.idbitrustee.co.in Contact Person: Anjalee Athalye SEBI Registration No.: IND000000460 CIN: U65991MH2001GOI131154

TRANCHE III ISSUE PROGRAMME *

TRANCHE III ISSUE OPENS ON SEPTEMBER 27, 2019 | **TRANCHE III ISSUE CLOSES ON OCTOBER 30, 2019**

*The subscription list shall remain open for subscription on Working Days from 10 A.M. to 5 P.M., during the period indicated above, except that this Tranche III Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company ("**Board**") or NCD Committee. In the event of such an early closure of or extension subscription list of this Tranche III Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for this Tranche III 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 BSE, on Working Days during the Tranche III Issue Period. On the Tranche III Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 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.

**IDBI Trusteeship Services Limited under regulation 4(4) of the SEBI Debt Regulations has by its letter dated January 14, 2019 given its consent for its appointment as Debenture Trustee to the Tranche III Issue and for its name to be included in the Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to the Tranche III Issue.

A copy of the Shelf Prospectus dated February 05, 2019 has been filed with the Registrar of Companies, Kerala and Lakshadweep and a copy of this Tranche III Prospectus will be filed with the Registrar of Companies, Kerala and Lakshadweep, in terms of section 26 and 31 of the Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please refer to the section titled "*Material Contracts and Documents for Inspection*" beginning on page 224 of this Tranche III Prospectus.

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SECTION I: GENERAL

DEFINITIONS / ABBREVIATIONS

Company related terms

Term	Description
"We", "us", "our", "the Company", and "Issuer"	Muthoot Finance Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, Kerala, India.
AOA/Articles / Articles of Association	Articles of Association of our Company.
Audited Consolidated Financial Statements (under Ind AS)	The Consolidated Balance Sheet of the Company as at March 31, 2019 and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash flows and the Consolidated Statement of Changes in Equity for the financial years ended March 31, 2019 and the summary of significant accounting policies including notes thereto as audited by Company's Statutory Auditor.
Audited Financial Statements (under Ind AS)	Audited Standalone Financial Statements (under Ind AS) and Audited Consolidated Financial Statements (under Ind AS)
Audited Standalone Financial Statements (under Ind AS)	The Standalone Balance Sheet of the Company as at March 31, 2019 and the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Cash flows and the Standalone Statement of Changes in Equity for the financial years ended March 31, 2019 and the summary of significant accounting policies including notes thereto as examined audited by Company's Statutory Auditor.
Board / Board of Directors	The Board of Directors of our Company and includes any Committee thereof from time to time.
Equity Shares	Equity shares of face value of ₹ 10 each of our Company.
Limited Review Financial Results	The unaudited standalone and consolidated financial results for the three months period ended June 30, 2019
Memorandum / MOA	Memorandum of Association of our Company.
NCD Committee	The committee constituted by our Board of Directors by a board resolution dated May 16, 2018.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934.
NPA	Non Performing Asset.
Promoters	M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot.
Reformatted Financial Statements	The reformatted standalone summary statement of assets and liabilities of the Company as of March 31, 2018, 2017, 2016, 2015 and 2014 and the related reformatted standalone summary statement of profit and loss and reformatted standalone statement of cash flows for the period ended March 31, 2018, 2017, 2016, 2015 and 2014 (collectively, together with the annexures thereto, the "**Reformatted Standalone Financial Information**") and the reformatted consolidated summary statement of assets and liabilities of the Company as of March 31, 2018, 2017, 2016 and 2015 and the related reformatted consolidated summary statement of profit and loss and reformatted consolidated statement of cash flows for the period ended March 31, 2018, 2017, 2016 and 2015 (collectively, together with the annexures thereto, the "**Reformatted Consolidated Financial Information**"). The Audited Standalone Financial Statements and Statutory Auditors reports thereon form the basis of the Reformatted Standalone Financial Information. The Audited Standalone Financial Statements for the periods up to March 31, 2017 were audited by the Previous Auditor. The Audited Consolidated Financial Statements and Statutory Auditors reports thereon form the basis of the Reformatted Consolidated Financial Information. The Audited Consolidated Financial Statements for the periods up to March 31, 2017 were audited by the Previous Auditor.
ROC	The Registrar of Companies, Kerala and Lakshadweep.
₹/ Rs./ INR/ Rupees/ Indian Rupees	The lawful currency of the Republic of India.
Previous Auditor	M/s. Rangamani & Co, Chartered Accountants, FRN: 003050S, 17/598, 2nd Floor, Card Bank Building, West of YMCA, VCSB Road, Allepey - 688 011, Kerala, India retired at the 20th Annual General Meeting of the Company held on 20th September, 2017,
Statutory Auditors	M/s. Varma & Varma, Chartered Accountants, FRN: 004532S, "Sreeraghavam", Kerala Varma Tower, Bldg No. 53/2600 B, C, D & E, Off Kunjanbava Road, Vyttila P.O., Kochi- 682019 were appointed as Statutory Auditors of the Company at the 20th Annual General Meeting held on 20th September, 2017 to hold office for a term of five years.
Subsidiary(ies)	(a) Asia Asset Finance PLC, a company registered in the said Republic of Sri Lanka, under the Companies Act No.7, of 2007, having its registered office at No.76/1, Dharmapala Mawatha, Colombo 03, Sri Lanka. (b) Muthoot Homefin (India) Limited, Company registered in India, having its registered office at Muthoot Chambers, Kurians Tower Banerji Road, Cochin Ernakulam, Kerala- 682018. (c) Belstar Investment and Finance Private Limited, a Company registered in India, having its registered office at New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu- 600083. (d) Muthoot Insurance Brokers Private Limited, Company registered in India, having its registered office at 3rd Floor, Muthoot Chambers, Banerji Road Ernakulam, Kerala- 682018. (e) Muthoot Money Limited, Company registered in India, having its registered office at 41 4108 A 18 Opp Saritha Theatre Banerji Road, Ernakulam- 682018. (f) Muthoot Asset Management Private Limited, Company registered in India, having its registered office at F-801, Lotus

Term	Description
	Corporate Park, Western Express Highway, Goregaon East, Mumbai, Maharashtra – 480063.
	(g) Muthoot Trustee Private Limited, Company registered in India, having its registered office at F-801, Lotus Corporate Park, Western Express Highway, Goregaon East, Mumbai, Maharashtra – 480063.

Issue related terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allotment / Allotted	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Tranche III Issue to the Allottees.
Allottee(s)	The successful applicant to whom the NCDs are being/have been allotted.
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Applicant / Investor	The person who applies for issuance and Allotment of NCDs pursuant to the terms of the Prospectus and Abridged Prospectus and the Application Form for the Tranche III Issue .
Application	An application for Allotment of NCDs made through the ASBA process offered pursuant to this Tranche III Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Tranche III Prospectus.
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 in terms of the Prospectus.
ASBA Application or "Application Supported by Blocked Amount"	The Application in terms of which the Applicant apply by authorising SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant.
Banker to the Issue	ICICI Bank Limited
Base Issue	₹ 1,000 million.
Basis of Allotment	The basis on which NCDs will be allotted to applicants under the Tranche III Issue and which is described in "*Issue Procedure – Basis of Allotment*" on page 166 of this Tranche III Prospectus.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Broker Centres	Broker centres notified by the Stock Exchanges where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Tranche III Issue, at the Designated CDP Locations.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations.
Coupon Rate	Please see the section titled "***Terms of the Issue***" on page 126 of this Tranche III Prospectus.
Credit Rating Agencies	For the present Tranche III Issue, the credit rating agencies, being CRISIL and ICRA
CRISIL	CRISIL Limited.
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.
Debenture Holder (s) / NCD Holder(s)	The holders of the NCDs whose name appears in the database of the relevant Depository.
Debt Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of debt securities of our Company.
Debenture Trustee Agreement	Agreement dated January 28, 2019 entered into between our Company and the Debenture Trustee.
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Tranche III Issue.
Demographic Details	Details of the investor such as address, bank account details and occupation, which are based on the details provided by the Applicant in the Application Form.
Deemed Date of Allotment	The date on which the Board or the NCD Committee of the Board constituted by resolution of the Board dated May 16, 2018 approves the Allotment of the NCDs for the Tranche III Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL).
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of SCSBs which shall collect the ASBA Applications and 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.

Term	Description
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchange (www.bseindia.com and www.nseindia.com) as updated from time to time
Designated Date	The date on which Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account and/or Refund Account in terms of the Prospectus and the Public Issue Account Agreement.
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, CRTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Tranche III Issue.
Designated RTA Locations	Such locations of the CRTAs where Applicants can submit the Application Forms to CRTAs, a list of which, along with names and contact details of the CRTAs eligible to accept Application Forms are available on the website of the Stock Exchange at www.bseindia.com.
Designated Stock Exchange	BSE i.e. BSE Limited
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility through a recognized stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Tranche III Issue in dematerialized form. Please note that the Applicants will not have the option to apply for NCDs under the Tranche III Issue, through the direct online applications mechanism of the Stock Exchange
Draft Shelf Prospectus	The Draft Shelf Prospectus dated January 28, 2019 filed with the Designated Stock Exchange for receiving public comments and with SEBI for its records in accordance with the provisions of the Act/relevant provisions of the Companies Act, 2013 applicable as on the date of the Draft Shelf Prospectus and the SEBI Debt Regulations.
ICRA	ICRA Limited.
Insurance Companies	Insurance companies registered with the IRDA.
Issue	Public issue by the Company of secured redeemable non-convertible debentures of face value of ₹ 1,000.00 each for an amount upto the Shelf Limit. The Secured NCDs will be issued in one or more tranches, on terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue. The Issue is being made pursuant to the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, the Companies Act, 2013 and rules made thereunder as amended to the extent notified.
Issue Agreement	Agreement dated January 28, 2019 executed between the Company and the Lead Managers.
Lead Brokers	Axis Capital Limited, Edelweiss Securities Limited, HDFC Securities Limited, Karvy Stock Broking Limited, Integrated Enterprises (India) Private Limited, ICICI Securities Limited, Muthoot Securities Limited, SMC Global Securities Limited, IIFL Securities Limited, RR Equity Brokers Private Limited, Kotak Securities Limited and A. K. Stockmart Private Limited
Lead Brokers MoU	Memorandum of understanding dated September 17, 2019 executed between the Company, Lead Brokers and the Lead Managers, for the purpose of marketing and procuring subscription for the Tranche III Issue on a non-exclusive basis.
Lead Managers	Edelweiss Financial Services Limited and A. K. Capital Services Limited.
Market Lot	1 NCD.
Members of the Syndicate	Lead Managers and the Lead Brokers.
Options	Collectively the options of NCDs being offered to the Applicants as stated in the section titled '***Issue Related Information***' beginning on page 126 of this Tranche III Prospectus.
Offer Document	The Draft Shelf Prospectus, the Shelf Prospectus, this Tranche III Prospectus and the Abridged Prospectus.
Prospectus	The Shelf Prospectus and this Tranche III Prospectus.
Public Issue Account	Account(s) to be opened with the Banker to the Issue to receive monies from the ASBA Accounts on the Designated Date as specified in this Tranche III Prospectus.
Public Issue Account Agreement	Agreement dated September 17, 2019 executed between the Company, the Banker to the Issue, the Lead Managers and the Registrar to the Issue.
Public Issue Account Bank	ICICI Bank Limited
Record Date	The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date of payment of interest, and/or the date of redemption. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Redemption/ Maturity Amount	Please see the section titled "***Terms of the Issue***" on page 126 of this Tranche III Prospectus
Redemption/ Maturity Date	Please see the section titled "***Terms of the Issue***" on page 126 of this Tranche III Prospectus
Refund Account	The account(s) opened by our Company with the Refund Bank, from which refunds of the whole or part of the Application Amounts, if any, shall be made.
Refund Bank	ICICI Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Application Forms in terms of circular number CIR/CFD/14/2012 dated October 14, 2012, issued by SEBI
Registrar to the Issue	Link Intime India Private Limited
Retail Investor(s)	Individual Applicants who have applied for the NCDs for an amount aggregating up to and including INR 1,000,000 across all options of NCDs in the Tranche III Issue (including HUFs applying through their Karta).
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, issued by SEBI, effective from June 06, 2008 as amended from time to time.
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Secured NCD(s) / NCD(s)	Secured, redeemable non-convertible debentures for an amount of upto ₹ 40,000.00 million offered through the Shelf Prospectus and the relevant Tranche Prospectus(es) of face value of ₹ 1,000.00 each.

Term	Description
Senior Citizen	A person who on the date of this Tranche III Issue has attained the age of 65 years or more.
Self Certified Syndicate Banks or SCSBs	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/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Managers, Lead Brokers or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Managers, Lead Brokers or the Trading Members of the Stock Exchange is available at www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time.
Shelf Limit	The aggregate limit of the Issue, being ₹ 40,000.00 million to be issued under the Shelf Prospectus and the relevant Tranche Prospectus through one or more Tranche Issues.
Shelf Prospectus	The Shelf Prospectus dated February 05, 2019 filed by our Company with the SEBI, BSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations. The Shelf Prospectus dated February 05, 2019 shall be valid for a period as prescribed under Section 31 of the Companies Act, 2013.
Specified Cities / Specified Locations	Bidding Centres where the Member of the Syndicate shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Stock exchange	BSE
Syndicate ASBA	Applications through the Designated Intermediaries.
Syndicate ASBA Application Locations	Bidding centres 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/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Syndicate SCSB Branches	In relation to Applications submitted to a Designated Intermediary, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Tenor	Please see the section titled "***Terms of the Issue***" on page 126 of this Tranche III Prospectus.
Tier I capital	Tier I capital means, owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund.
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 55%; **(c)** general provisions 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.
Transaction Registration Slip or TRS	The slip or document issued by any of the Designated Intermediaries as the case may be, to an Applicant upon demand as proof of registration of his Application.
Trading Members	Individuals or companies registered with SEBI as "trading members" who hold the right to trade in stocks listed on the Stock Exchanges, through whom investors can buy or sell securities listed on the Stock Exchange, a list of which are available on www.bseindia.com (for Trading Members of BSE).
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus.
Tranche I Prospectus	The Tranche I Prospectus dated February 05, 2019 issued pursuant to the Tranche I Issue of secured redeemable non-convertible debentures of face value of ₹ 1,000 each for an amount of ₹ 1,000 million with an option to retain oversubscription up to ₹ 6,500 million aggregating upto 7,500,000 NCDs amounting to ₹ 7,500 million.
Tranche II Prospectus	The Tranche II Prospectus dated May 03, 2019 issued pursuant to the Tranche II Issue of secured redeemable non-convertible debentures of face value of ₹ 1,000 each for an amount of ₹ 1,000 million with an option to retain oversubscription up to ₹ 9,000 million aggregating upto 10,000,000 NCDs amounting to ₹ 10,000 million.
Tranche III Issue	Public Issue by the Company of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("**NCDs**") for an amount of ₹ 1,000 million ("**Base Issue**") with an option to retain oversubscription up to ₹ 9,000 million aggregating upto 10,000,000 NCDs amounting to ₹ 10,000 million ("**Tranche III Issue Limit**") ("**Tranche III Issue**") which is within the shelf limit of ₹ 40,000 million and is being offered by way of this Tranche III Prospectus dated September 19, 2019, containing, inter alia, the terms and conditions of this Tranche III Issue ("**Tranche III Prospectus**"), which should be read together with the Shelf Prospectus dated February 05, 2019 ("**Shelf Prospectus**") filed with the Registrar of Companies, Kerala and Lakshadweep, the Stock Exchange and the SEBI.
Tranche III Issue Opening Date	September 27, 2019
Tranche III Issue Closing Date	October 30, 2019 or such early or extended date as may be decided by the NCD Committee of the Board.
Tranche III Issue Period	The period between the Tranche III Issue Opening Date and the Tranche III Issue Closing Date inclusive of both days.
Tranche III Prospectus	This Tranche Prospectus dated September 19, 2019 containing the details of the NCDs issued pursuant to the Tranche III Issue.
Tranche Prospectus(es)	The Tranche Prospectus(es) containing the details of NCDs including interest, other terms and conditions, material developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection, in respect of the relevant Tranche Issue.
Trustees / Debenture Trustee	Trustees for the Debenture Holders in this case being IDBI Trusteeship Services Limited.
Working Day	All days excluding the second and the fourth Saturday of every month, Sundays and a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Tranche III Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche III Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai.

**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 or extension by such period, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board dated May 16, 2018. In the event of such early closure of or extension subscription list of the Tranche III Issue, our Company shall ensure that notice of such early closure or extension 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.*

Industry related terms

Term	Description
Gold Loans	Personal and business loans secured by gold jewelry and ornaments.
NRI/Non-Resident	A person resident outside India, as defined under the FEMA
RRB	Regional Rural Bank.

Conventional and general terms

Term	Description
BSE	BSE Limited.
CDSL	Central Depository Services (India) Limited.
Companies Act, 2013	The Companies Act, 2013 as amended from time to time.
ESOP	Employee stock option
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
Financial Year / FY	Financial Year ending March 31.
GoI	Government of India.
HUF	Hindu Undivided Family.
IFSC	Indian Financial System Code.
Indian GAAP	Generally Accepted Accounting Principles in India.
IndAS	Indian Accounting Standards
IRDA	Insurance Regulatory and Development Authority.
IT Act	The Income Tax Act, 1961, as amended from time to time.
MICR	Magnetic Ink Character Recognition.
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RTGS	Real Time Gross Settlement.
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 as amended from time to time.
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled "*Statement of Tax Benefits*", and "*Issue Procedure*" beginning on pages 82 and 148 of this Tranche III Prospectus, respectively will have the meanings ascribed to them in such sections.

FORWARD-LOOKING STATEMENTS

This Tranche III Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "future", "goal", "plan", "contemplate", "propose" "seek to" "project", "should", "will", "will continue", "will pursue", "will likely result" or other words or phrases of similar import. All forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks and assumptions that could significantly and materially affect our current plans and expectations and our future financial condition and results of operations. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- General economic and business conditions in India and globally;
- Our ability to successfully sustain our growth strategy;
- Our ability to compete effectively and access funds at competitive cost;
- Unanticipated turbulence in interest rates, equity prices or other rates or prices; the performance of the financial and capital markets in India and globally;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Any disruption or downturn in the economy of southern India;
- Our ability to control or reduce the level of non-performing assets in our portfolio;
- General political and economic conditions in India;
- Change in government regulations;
- Competition from our existing as well as new competitors;
- Our ability to compete with and adapt to technological advances; and
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations.

For further discussion of factors that could cause our actual results to differ, see the section titled "*Risk Factors*" on page 12 of the Shelf Prospectus and page 12 of this Tranche III Prospectus.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "*Industry Overview*" and "*Our Business*" on page 74 of the Shelf Prospectus and on page 90 of this Tranche III Prospectus respectively. The forward-looking statements contained in this Tranche III Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable 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 Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In theProspectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to "Muthoot Finance Limited", "Issuer", "we", "us", "our" and "our Company" are to Muthoot Finance Limited.

Unless stated otherwise, all references to page numbers in the Shelf Prospectus/Tranche III Prospectus are to the page numbers of the Shelf Prospectus/Tranche III Prospectus.

Unless stated otherwise, all references to financial numbers are on a standalone basis.

Unless the context otherwise indicates or implies, references to "you," "offeree," "purchaser," "subscriber," "recipient," "investors" and "potential investor" are to the prospective investors in this Issue.

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

Unless otherwise stated, references in this Tranche III Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "financial year" are to the financial year starting from April 01 and ending on March 31.

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

Presentation of Financial Information

Our Company publishes its financial statements in Rupees. Our Company's financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended and General Circular 8/2014 dated April 4, 2014.

The Reformatted Standalone Financial Information and the Reformatted Consolidated Financial Informations are included in the Shelf Prospectus and collectively referred to hereinafter as the "Reformatted Financial Statements". The examination reports on the Reformatted Financial Statements as issued by our Company's Statutory Auditor, M/s. Varma & Varma, Chartered Accountants, are included in Annexure A titled "*Financial Information*" beginning at page A-1 of the Shelf Prospectus.

With effect from April 01, 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies dated January 18, 2016, for financial reporting purposes, the Company has followed the Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 ("**Ind AS**"). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending as on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018. The Audited Financial Statements for the year ended March 31, 2019 along with comparative figures for the year ended March 31, 2018 and audit reports issued by our Company's Statutory Auditor, M/s. Varma & Varma, Chartered Accountants, are included in Annexure A titled "*Financial Information*" beginning at page A-1 of this Tranche III Prospectus.

The impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in the standalone financial statements of the Company for the year ended March 31, 2018, have been restated/reclassified. Therefore, our standalone and consolidated financial statements for the year ended March 31, 2019 are prepared in accordance with Ind AS and are not comparable to our historical financial statements. There are significant differences between RBI regulations and Ind AS and the RBI has not issued any clarifications with respect to these differences. From April 1, 2018, the Company has computed key parameters including capital adequacy ratio, risk weighted assets, net owned fund, gross NPA, provision for non-performing assets derived from the financial statement prepared in accordance with Ind AS. These computations may undergo changes if the RBI issues any guidelines for such computations with retrospective effect.

The Limited Review Standalone and Consolidated Financial Results of the Company for the three months ended June 30, 2019 submitted by the Company to the BSE and NSE pursuant to the requirements of Regulation 33 of the SEBI LODR Regulations ("**Limited Review Financial Results**") are included in this Tranche III Prospectus in Annexure B titled "*Limited Review Financial Results*" beginning at page B-1 of this Tranche III Prospectus.

Unless stated otherwise, the financial data upto and for the year ended March 31, 2017 used in the Prospectus is derived from our Company's "Reformatted Financial Statements". Unless stated otherwise, the financial data for the year ended March 31, 2019 and March 31, 2018 used in this Tranche III Prospectus is derived from our Company's "Audited Financial Statements for the year ended March 31, 2019".

Unless stated otherwise, the financial data for the quarter ended June 30, 2019 used in this Tranche III Prospectus is derived from our Company's "**Limited Review Financial Results**".

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

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

The extent to which the market and industry data used in the Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. The methodologies and assumptions may vary widely among different industry sources. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. We have relied on the *"IMaCS Industry Report-Gold Loan Market in India 2018"* and *"IMaCS Industry Report-Gold Loan Market in India 2017"* for industry related data that has been disclosed in the Prospectus. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject tochange based on various factors. We have relied on third party industry reports which have been used for industry related data in the Prospectus and such data have not been independently verified by us.

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

Currency and Unit of Presentation

In the Prospectus, references to "₹", "Indian Rupees", "INR","Rs." and "Rupees" are to the legal currency of India, references to "US$", "USD", and "U.S. dollars" are to the legal currency of the United States of America, as amended from time to time. Except as stated expressly, for the purposes of the Prospectus, financial data will be given in ₹ in Millions.

Except where stated otherwise in the Prospectus, all financial data have been expressed in ₹ in Million.

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

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

Reference may be drawn to Note no.45 of Audited Standalone Financial Statements (under Ind AS) and Note No. 51 of Audited Consolidated Financial Statements (under Ind AS) contained in Annexure A titled "*Financial Information*" of this Tranche III Prospectus regarding the details of "First-time Adoption of Ind-AS".

Industry and Market Data

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

SECTION II: RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Prospectus including the section titled "Our Business" at page 90 of this Tranche III Prospectus, Annexure A titled "Financial Information" at page 85 and A-1 of the Shelf Prospectus and Annexure A titled "Financial Information" at page A-1 of the Tranche III Prospectus respectively, before making any investment decision relating to the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and result of operation could suffer, the trading price of the NCDs could decline and you may lose all or part of your interest and/or redemption amounts. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

This Prospectus contains forward looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward looking statements as a result of several factors, including the considerations described below and elsewhere in this Prospectus.

Unless otherwise stated, financial information used in this section is derived from the Reformatted Financial Statements as of and for the years ended March 31, 2015, 2016 and2017 prepared under the Indian GAAP and as of and for the years ended March 31, 2018 and 2019 prepared under IND AS.

INTERNAL RISK FACTORS

Risks relating to our Business and our Company

1. ***We and certain of our Directors are involved in certain legal and other proceedings (including criminal proceedings) that if determined against us, could have a material adverse effect on our business, financial condition and results of operations.***

   Our Company and certain of our Directors are involved in certain legal proceedings, including criminal proceedings, in relation to inter alia civil suits, eviction suits and tax claims. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. For further details in relation to material legal proceedings, see the section titled "*Pending proceedings and statutory defaults*" at page 173 of the Tranche III Prospectus.

   We cannot provide any assurance in relation to the outcome of these proceedings. Any adverse decision may have an adverse effect on our business, financial condition and results of operations. Further, there is no assurance that similar proceedings will not be initiated against us in the future.

2. ***The "Muthoot" logo and other combination marks are proposed to be registered in the name of our Promoters. If we are unable to use the trademarks and logos, our results of operations may be adversely affected. Further, any loss of rights to use the trademarks may adversely affect our reputation, goodwill, business and our results of operations.***

   The brand and trademark "Muthoot" and also related marks and associated logos ("**Muthoot Trademarks**") are currently registered in the name of our Company. We believe that the Muthoot Trademarks are important for our business.

   Our Company proposes to register the Muthoot Trademarks jointly in the name of our Promoters through a rectification process or irrevocably grant ownership rights by alternate legally compliant means. Pursuant to applications filed on September 20, 2010 by our Company and our Promoters before the Trade Marks Registry, Chennai, our Promoters have stated that their father, Late M. George Muthoot, had adopted and had been using the Muthoot Trademarks since 1939 and that our Promoters had, since the demise of Late M. George Muthoot, been continuing his business and using the Muthoot Trademarks as its joint proprietors. Our

Company confirms that it has, since incorporation, been using the Muthoot Trademarks as per an implied user permission granted by our Promoters and that the application for registration of the Muthoot Trademarks in the name of our Company was filed through inadvertence. Consequently, an application has been made to Trade Marks Registry, Chennai, to effect a rectification in the Register of Trademarks. Since a rectification process by application before the Trade Marks Registry, Chennai as mentioned above is underway, and not an assignment of the Muthoot Trademarks, no independent valuation of the Muthoot Trademarks has been conducted.

It is proposed that consequent to such rectification, the Promoters will grant our Company a non-exclusive licence to use the Muthoot Trademarks for an annual royalty equivalent to 1.00% of the gross income of our Company, subject to a maximum of 3.00% of profit before tax (after charging the royalty) and managerial remuneration payable by our Company each financial year. Subject to certain other conditions, it is proposed that this licence would continue until such time that our Promoters, together with the Promoter Group, jointly, hold at least 50.01% of the paid-up equity share capital of our Company.

Since the rectification is yet to be effected and consequently, no licence has been granted to us as of date, we cannot assure you that we will be able to obtain a licence to use the Muthoot Trademarks, when registered, from our Promoters on commercially acceptable terms, or at all. In addition, loss of the rights to use the Muthoot Trademarks may adversely affect our reputation, goodwill, business and our results of operations.

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

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of borrowings such as term loans and working capital limits from banks and issuance of commercial paper, non-convertible debentures and equity through public issues and on private placement basis. Thus, our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

The global and Indian capital and lending markets are, by nature, highly volatile and access to liquidity can, at times, be significantly reduced. Moreover, towards the end of 2018, default in debt repayments by a large NBFC in India , Infrastructure Leasing & Financial Services Limited, which had sizeable shareholding from government owned institutions , led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to renew loans and raise capital in recent times. If any event of similar nature and magnitude occurs again in the future, it may result in increased borrowing costs and difficulty in accessing debt in a cost-effective manner. Moreover, we are a NBFC-ND-SI, and do not have access to public deposits. We are also restricted from inviting interest in our secured non-convertible debentures which are issued on a private placement basis, by advertising to the public.

A significant portion of our debt matures each year. Out of our total outstanding debt of ₹ 268,970.87 million as of March 31, 2019, an amount of ₹ 194,427.49 million 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. In the event that there are disruptions to our sources of funds, our business, results of operations and prospects will be materially adversely affected.

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

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 results of operations are substantially dependent upon the level of our net interest margins. 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. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

Our policy is to attempt to balance the proportion of our interest-earning assets, which bear fixed interest rates, with fixed interest rate bearing liabilities. A majority of our liabilities, such as our secured non-convertible redeemable debentures, subordinated debt and short term loans carry fixed rates of interest and the remaining borrowings from banks are linked to the respective banks' benchmark prime lending rate/ Marginal Cost Of Funds based Lending Rate. As of March 31, 2019, 51.28% of our borrowings were at fixed rates of interest, comprising primarily of our secured and unsecured (subordinated debt) non-convertible redeemable debentures (which constituted 31.49% of our total borrowings). We cannot assure you that we will be able to adequately manage our interest rate risk in the future and be able to effectively balance the proportion of our fixed rate loan assets and fixed rate liabilities in the future. Further, despite this balancing, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

Furthermore, we are exposed to greater interest rate risk than banks or deposit-taking NBFCs. 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 impacted.

Additional risks arising from increasing interest rates include:

- reductions in the volume of loans as a result of customers’ inability to service high interest rate payments; and

- reductions in the value of fixed income securities held in our investment portfolio.

There can be no assurance that we will be able to adequately manage our interest rate risk. If we are unable to address the interest rate risk, it could have an adverse effect on our net interest margin, thereby adversely affecting our business and financial condition.

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

We extend loans secured by gold jewelry provided as collateral by the customer. An economic downturn or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewelry securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. Although we use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and pre-determined loan closure call thresholds, no assurance can be given that if the price of gold decreases significantly, our financial condition and results of operations would not be adversely affected. The impact on our financial position and results of operations of a decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

Additionally, we may not be able to realise the full value of our collateral, due to, among other things, defects in the quality of gold or wastage on melting gold jewelry into gold bars. In the case of a default, we sell the collateral gold jewelry only through public auctions primarily to local jewelers and there can be no assurance that we will be able to sell such gold jewelry at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with such auction process. A failure to recover the expected value of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations.

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

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

Our principal business is the provision of personal loans to retail customers in India secured by gold jewelry as collateral. Historically, the Gold Loan industry in India has been largely unorganized and dominated by local jewelry pawn shops and money lenders, with very few public sector and old generation private sector banks focusing on this sector. The demand for Gold Loans has increased in recent years in part because of changes in attitudes resulting in increased demand for Gold Loan products from middle income group persons, whereas historically demand for our Gold Loan products was predominantly from lower income group customers with limited access to other forms of borrowings have increased our exposure to competition. The demand for Gold Loans has also increased due to relatively lower interest rates for Gold Loans compared to the unorganized money lending sector, increased need for urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of Gold Loans as a source of quick access to funds.

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

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

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

7. ***We have certain contingent liabilities; in the event any of these contingent liabilities materialise, our financial condition may be adversely affected.***

For the period ended March 31, 2019, we had certain contingent liabilities not provided for, amounting to ₹ 7,977.51 million. Set forth below is a table highlighting the main heads of contingent liabilities:

₹million

Claims against the Company, not acknowledged as debts	7,661.02
Counter Guarantee provided to banks	316.49

In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

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

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

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

We also plan to expand our Gold Loan business in new geographies outside India. We had acquired Asia Asset Finance PLC, a registered financial company based in SriLanka and listed in Colombo Stock Exchange where we hold 72.92% shareholding as on June 30, 2019. By this investment, we are seeking synergies by helping the investee company to operationalize Gold Loan business in their branches drawing on our expertise in this field. We have limited or no operating experience in these new geographies, and we may encounter difficulties in entering into new geographies. This may require significant capital investments and commitment of time from our senior management, and there is often limited or no prospect of earnings in the initial years. Moreover, there is no assurance that we will be able to expand operations 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 this geographical expansion. Our inability to effectively manage any of the above issues could materially and adversely affect our business and impact our future financial performance.

Furthermore, we have entered new businesses as part of our growth strategy. For example, we own a licence from RBI under the Payment and Settlement Systems Act, 2007 for acting as a White Label ATM Operator, which enables us to operate ATM machines in our branches or other sites, allowing bank customers to withdraw money using debit/credit cards issued by their respective bank. This service enables us to earn 'interchange' fees from issuing banks, every time a card transaction is undertaken by customers of such issuing banks at an ATM owned and operated by us, in addition to other fee-based revenue. We have entered the space of 'Micro Finance Business' through acquisition of stake in Belstar Investment and Finance Pvt. Ltd where we hold 70.01% stake as on June 30, 2019. We have also entered the space of 'Home Finance Business' through our wholly owned subsidiary, Muthoot Homefin (India) Ltd. We have entered the segment of Vehicle and Equipment finance through acquisition of Muthoot Money Ltd as a wholly owned subsidiary in Oct 2018. We have also started extending 'Unsecured Loans' by way of 'Personal Loans' as well as 'Business Loans '. 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/expand 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.

9. ***We cannot assure you that the new products that we introduce will be profitable in the future.***

We regularly introduce new products and services in our existing lines of business. We may incur costs to expand our range of products and services and cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or a failure to understand the regulatory and statutory requirements for such products or insufficient management focus on these new products. If we fail to develop and launch these products and services successfully or on time, we may lose a part or all of the costs incurred in development and promotion or discontinue these products and services entirely, which could in turn materially and adversely affect our business, financial condition and results of operations.

10. ***We may not be in compliance with relevant state money lending laws, which could adversely affect our business. In the event that any state government requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.***

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. Our Company has been specifically exempted from the provisions of the money lending laws applicable in Andhra Pradesh and Gujarat and there is a blanket exemption for all NBFCs in Rajasthan. Further, we have also received show cause notices from certain Government authorities in Karnataka in relation to compliance of local money lending laws, and are currently involved in criminal proceedings in relation to such money lending laws. The Government of Karnataka has cancelled the exemption granted to NBFCs from Karnataka Money Lenders Act through Government Order No. CO 05 CML 2011 dated April 16, 2016. Hon'ble High Court of Karnataka stayed the execution of Government Order No. CO 05 CML 2011 until further orders by passing an interim order in WP No.36754/16 on July 12, 2016. We also carry out operations in other states such as Tamil Nadu, Madhya Pradesh, and Maharashtra, where there are money lending laws in operation. In addition, in the event the provisions of any state specific regulations are extended to NBFCs in the Gold Loan business such as our Company, we could have increased costs of compliance and our business and operations could be adversely affected, particularly if low interest rate ceiling norms are imposed on our operations. For further details, please refer to "*Pending proceedings and statutory defaults*" at page 173 of this Tranche III Prospectus. In the event that any state government requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.

11. ***A major part of our branch network is concentrated in southern India and any disruption or downturn in the economy of the region would adversely affect our operations.***

As of June 30, 2019, 2,716 out of our 4,502 branches were located in the south Indian states of Tamil Nadu (945 branches), Kerala (608 branches), Andhra Pradesh (386 branches), Karnataka (494 branches), Telangana (271 branches), Union Territory of Pondicherry (8 branches) and Andaman & Nicobar (4 branches). Any disruption, disturbance or breakdown in the economy of southern India could adversely affect the result of our business and operations. As of March 31, 2019 the south Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Telangana, the Union Territory of Pondicherry and Andaman & Nicobar Islands constituted 48.85% of our total Gold Loan portfolio. Our concentration in southern India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have diversified national presence. If there is a sustained downturn in the economy of southern India, our financial position may be adversely affected.

12. ***Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations in the manner we desire.***

As of March 31, 2019, we had an outstanding debt of ₹ 268,970.87 million. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures, acquisitions and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates, particularly because a significant proportion of our financing arrangements are in the form of borrowings from banks;

- fluctuations in market interest rates may adversely affect the cost of our borrowings, as some of our indebtedness including long term loan from banks are at variable interest rates;

- there could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and

- we may be more vulnerable to economic downturns, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

Moreover, certain of our loans may be recalled by our lenders at any time. If any of these lenders recall their loans, our cash position, business and operations may be adversely affected.

13. ***We may face asset-liability mismatches due to inability to obtain additional credit facilities or renew existing credit facilities in a timely manner which could affect our liquidity and consequently may adversely affect our operations, profitability and cash flows.***

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short-term loans and commercial paper. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations, financial performance and cash flows.

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

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

We have breached certain such covenants in the past, and may continue to be inadvertently in technical breach of, certain covenants under these loan agreements and other financing arrangements. While we are not aware of any such breaches, and although no bank or financial institution has issued a notice of default to us, if we are held to be in breach of any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs, and because of such defaults we may be unable to find additional sources of financing. If any of these events were to occur, it would likely result in a material adverse effect on our financial condition and results of operations or even our ability to continue as a going concern.

15. ***Our Gold Loans are due within one year 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 one year 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.

16. ***If we are not able to control or reduce the level of non-performing assets / Stage 3 Loans 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 or reduce 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 year ended March 31, 2015, 2016, 2017 were ₹ 5,116.67 million, ₹ 7,024.61 million and ₹ 5,621.30 million respectively. With the introduction of Ind AS from April 1, 2018, asset quality classification is done under three stages-Stage 1, Stage 2 and Stage 3. Please refer to the Staging Criteria detailed under the chapter *Our Business* on page 90 of this Tranche III Prospectus. Our total stage 3 loan assets for year ended March 31, 2018 and 2019 were ₹ 12,871.59 million and ₹ 9,326.00 million.

The Master Directions-Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 ("**Prudential Norms**") prescribe the provisioning required in respect of our outstanding loan portfolio in respect of years upto March 31,2018. 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.

With IND-AS becoming applicable effective from April 01, 2018, asset classification and provisioning are based on 'Expected Credit Loss Model' detailed under section "Changes in Asset Classification & Provision Policy from Financial Year 2019 under IND AS" in the chapter *"Our Business"* on page 90 of this Tranche III Prospectus.

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

Unlike several developed economies, a nationwide credit bureau has only become operational in India in 2000, so there is less financial information available about individuals, particularly our focus customer segment from the low to middle income group who typically have limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on our customers. Although we follow certain KYC procedures at the time of sanctioning a loan, we generally rely on the quality of the gold jewelry provided as collateral 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 credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

18. ***Our customer base comprises entirely of individual borrowers, who generally are more likely to be affected by declining economic conditions than large corporate borrowers. Any decline in the repayment capabilities of our borrowers, may result in increase in defaults, thereby adversely affecting our business and financial condition.***

Individual borrowers generally are less financially resilient than large corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to middle income group, who may be more likely to be affected by declining economic conditions than large corporate borrowers.

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

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

As of March 31, 2019, we held cash balance of ₹ 1,765.82 million and gold jewelry of 169.46 tons. Our business involves carrying out cash and gold jewelry transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary, and misappropriation or unauthorised transactions by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or detect such activities in all cases, which may adversely affect our operations and profitability. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed, and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. For example, in the year ended March 31, 2019 (i) we encountered two instances of staff fraud at our Palliyadi branch, Tamilnadu and Shriwardhan, Maharashtra where ₹ 5.58 million and ₹ 3.07 million, respectively were misappropriated by our employees, (ii) gold ornaments pledged by our customers at our Kottackal Changuvetty branch in Kerala, and Chintalpudi branch in Andhra Pradesh, against loan amounts of ₹ 1.24 million and ₹ 0.83 million, respectively, were reported to be stolen goods and were seized by the police, and (iii) Muzaffarpur-Bhagwanpur Branch, Bihar of our Company, where a burglary incident happened in which, loan amount aggregating to ₹ 49.04 million was stolen.

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

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

As per extant RBI norms, from March 31, 2011, we are required to maintain a capital adequacy ratio of at least 15% of our risk-weighted assets. Further, RBI has introduced minimum Tier I capital requirement of 12% to be effective from April 01, 2014 for NBFCs primarily for whom loans against gold jewelry comprise more than 50% of their financial assets, including us. Our capital adequacy ratio was 26.05% as of March 31, 2019, with Tier I capital comprising of 25.61%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios and Tier I capital requirements with respect to our business of Gold Loans. There can be no assurance that we will be able to maintain adequate capital adequacy ratio or Tier I capital by raising additional capital in the future on terms favourable to us, or at all. Failure to maintain adequate capital adequacy ratio or Tier I capital may adversely affect the growth of our business. Further, any regulatory change in capital adequacy requirements imposed by the RBI may have an adverse effect on our results of operation.

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

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

22. ***We may experience difficulties in expanding our business into additional geographical markets in India, which may adversely affect our business prospects, financial conditions and results of operations.***

While the Gold Loans markets in the south Indian states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka remains and is expected to remain our primary strategic focus, we also evaluate attractive growth opportunities in other regions in India and have expanded our operations in the northern, western and eastern states of India. We may not be able to leverage our experience in southern India to expand our operations in other regions, should we decide to further expand our operations. Factors such as competition, culture, regulatory regimes, business practices and customs, customer attitude, sentimental attachments towards gold jewelry, behavior and preferences in these cities where we may plan to expand our operations may differ from those in south Indian states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka and our experience in these states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka may not be applicable to other geographies. In addition, as we enter new markets and geographical areas, we are likely to compete not only with other large banks and financial institutions in the Gold Loan business, but also the local un-organised or semi-organised lenders, who are more familiar with local conditions, business practices and customs, have stronger relationships with customers and may have a more established brand name.

If we plan to further expand our geographical footprint, our business may be exposed to various additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business partners with whom we may have no previous working relationship; successfully gauging market conditions in new markets; attracting potential customers; being susceptible to local laws in new geographical areas of India; and adapting our marketing strategy and operations to suit regions where different languages are spoken. Our inability to expand our current operations in additional geographical markets may adversely affect our business prospects, financial conditions and results of operations.

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

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

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

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

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

25. ***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, as a result, would negatively affect our net interest margin and our business.***

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. We have been assigned an "A1+" rating by CRISIL and "A1+" rating by ICRA for short term debt instruments. We have been assigned a "CRISIL AA/Stable" rating by CRISIL for our long term debt instruments---non-convertible debentures and subordinated debt. ICRA has assigned an "[ICRA] AA/Stable" rating for our long term debt instruments non-convertible debentures and subordinated debt. We have been assigned a long-term rating of "[ICRA] AA/Stable" and a short-term rating of "A1+" by ICRA for our line of credit. 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, as a result, would adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

26. ***If Expected Credit Loss provisions on Stage 3 loan assets made 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.***

With IND-AS becoming applicable effective from April 01, 2018, asset classification and provisioning are based on 'Expected Credit Loss Model' detailed under section "Changes in Asset Classification & Provision Policy from Financial Year 2019 under IND AS" under the chapter *"Our Business"* on page 90 of this Tranche III Prospectus.

The level of our provisions may not be adequate to cover further increases in the amount of our Stage 3 loan 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.

27. ***We are subject to supervision and regulation by the RBI as a non-deposit-taking systemically important NBFC. In case of any adverse change in the regulations, we may have to comply with stricter regulations and guidelines issued by regulatory authorities in India which may adversely affect our business, results of operation and financial condition.***

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's Gold Loan industry. Moreover, new regulations may be passed that restrict our ability to do business.

The amendments made by the RBI in Prudential Norms in March 2012 made it compulsory for NBFCs that are primarily engaged in lending against gold jewelry, to maintain a loan to value ratio not exceeding 60.00% for loans granted against the collateral of gold jewelry and to disclose in their balance sheet the percentage of such loans to their total assets. As a result of this regulatory change, our gross retail loan portfolio declined by 17.15% from ₹ 263,868.18 million as of March 31, 2013 to ₹ 218,615.35 million as of March 31, 2014. The amendments also required that such NBFCs having gold loans at least 50.00% of their financial assets maintain a minimum Tier I capital of 12.00% by April 1, 2014 and stipulate that they shall not grant any advance against bullion/primary gold and gold coins. The RBI has also reviewed its guidelines on the Fair Practice Code for all NBFCs, which among other things, cover general principles relating to adequate disclosures on the terms and conditions of loans and adopting non-coercive recovery methods. These amendments further require NBFCs engaged in extending loans against jewelry to put in place adequate internal policies to ensure, among other things, proper assessment procedures for the jewelry received as collateral, internal control mechanisms for ascertaining the ownership of gold jewelry, procedures in relation to storage and safeguard and insurance of gold jewelry and adequate measures for prevention of fraudulent transactions.

The RBI has, on February 06, 2013, released the final report by the K U B Rao Committee, a committee set up by the RBI, on issues relating to gold and gold loans by NBFCs for public from stakeholders in the industry and the public. This report has made a number of significant recommendations in relation to the supply and imports of gold in India as well as the current legal framework governing gold loan NBFCs. Some of the significant recommendations of this report include moderation of the demand of gold imports, the introduction of tax incentives on the instruments that can impound idle gold, reduction of the inter-connectedness of the gold loan industry with the formal financial systems and monitoring of transactions with gold loan NBFCs with unincorporated bodies. Significantly, for gold loan NBFCs, the report has recommended, inter alia, the increase of the loan to value ratio of the underlying gold collateral to 75.00%, the approval of the RBI for the expansion of branches by a gold loan NBFC in a year in excess of 1,000 branches, rationalization of interest rates on gold loans including the adoption of an interest rate linked to benchmark bank rates or the maximum advance rate of the State Bank of India and confining the subscription to privately placed NCDs of gold loan NBFCs to institutions and high-net worth individuals as opposed to retail investors. In the event that the recommendations of this report were enacted as law, our operations and compliance cost could be significantly hampered, which could have an adverse effect on our results of operation and financial condition.

Based on the K. U. B. Rao Committee report, 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, gold loan 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.

The RBI vide notification number RBI/2013-14/435 DNBS.CC.PD.No.365/03.10.01/2013-14 dated January 08, 2014 has revised the above mentioned Loan to Value ratio to 75% from 60% in line with the recommendations of the K. U. B. Rao Committee.

The RBI vide its circular RBI/2012-13/560 DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013 and RBI/2013-14/115 DNBS(PD) CC No.349/03.10.001/2013-14 dated July 02, 2013 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 number of investors in an issue to 49 investors, minimum subscription amount for a single investor of ₹ 2.50 million and in multiples of ₹ 1.00 million thereafter, prohibition on providing loan against own debentures, etc. This has resulted in limiting the Company's ability to raise fresh debentures on private placement basis and has required us to instead issue debentures through public issues. Since the change in these regulations in July 2013, we have issued ₹ 121,620.78 million in debentures under the public route.

Compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. We cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. Our present operations may not meet all regulatory requirements or subsequent regulatory amendments. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business, results of operation and financial condition.

28. ***RBI regulations have made our Gold Loans ineligible for securitization, making our cost of funds higher***

The RBI has set targets and sub-targets for domestic and foreign banks operating in India to lend to certain designated priority sectors that impact large sections of the population, weaker sections and sectors that are employment-intensive such as agriculture, and small enterprises. The target for total priority sector loans for domestic banks is 40% of their adjusted net bank credit and 32% for foreign banks. Since we operate predominantly in rural and semi-urban areas, a portion of our lending historically met the priority sector requirements of RBI. Investments by banks in securitized assets, representing loans to various categories of priority sector, and outright purchases of any loan asset eligible to be categorized under priority sector on a risk sharing basis, were different avenues by which banks can meet these priority sector lending targets. In February 2011, the RBI issued a notification which provides that loans provided by NBFCs against gold jewelry for agriculture purposes (which purpose is one of the categories of a priority sector advance under extant guidelines issued by RBI) would not be treated as agricultural advance for priority sector advance. Further, in another notification issued in July 2012, the RBI stipulated that loans provided by NBFCs against gold jewelry cannot be treated as for priority sector for banks if transferred through assignment/outright purchase/investment under securitisation route. Thus, our loan portfolio is no longer classified as a priority sector advance by the RBI.

In August 2012, RBI modified the extant guidelines relating to securitisation/ direct assignment transaction. In order to prevent unhealthy practices surrounding securitisation such as origination of loans for the sole purpose of securitisation and in order to align the interest of the originator with that of the investors and with a view to redistribute credit risk to a wide spectrum of investors, RBI has felt it necessary that originators should retain a portion of each securitisation originated and should ensure more effective screening of loans. In addition, a minimum period of retention of loans prior to securitisation was also considered desirable, to give comfort to the investors regarding the due diligence exercised by the originator. Further, assets with bullet repayment of both the principal and the interest amounts cannot be securitised, either whole, or in part. Since our loans are currently in the form of bullet repayment, they cannot meet such revised guidelines and be subject to securitisation. The RBI has further stipulated that originating NBFCs can securitise loans only after these have been held by them for a minimum of three months. The average duration of our loans is around three to six months and consequently, will not enable us to get funding for a reasonable period under this mode. These changes have adversely affected our ability to raise funds through this route.

These changes have reduced our ability to raise funds and also at a reasonable cost.

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

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

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

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

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

- combining product offerings and entering into new markets in which we are not experienced;
- consolidating and maintaining relationships with customers;
- consolidating and rationalising transaction processes and corporate and IT infrastructure;
- integrating employees and managing employee issues;

- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;

- achieving savings from infrastructure integration; and

- managing other business, infrastructure and operational integration issues.

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

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

31. ***In order to be successful, we must attract, retain and motivate key employees, and failure to do so could adversely affect our business. Failure to hire key executives or employees could have a significant impact on our operations.***

In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and gold assessment technical personnel. If we cannot hire additional personnel or retain existing qualified personnel, our ability to expand our business will be impaired and our revenue could decline. 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 can be 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. ***Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject. Any liability in excess of our insurance claim could have a material adverse effect on our results of operations and financial position.***

We maintain insurance cover for our free hold real estate and tangible properties and infrastructure at all owned and leased premises which provide insurance cover against loss or damage by fire, earthquake, lightning, riot, strike, storm, flood, explosion, aircraft damage, rock slide and missile testing. Further we maintain insurance cover for employee fidelity, cash and gold in the office premises and in transit which provides insurance cover against loss or damage by employee theft, burglary, house breaking and hold up. The aggregate insured value covered by the various insurance policies we have subscribed may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialise. Further, there are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

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

As at June 30, 2019, we employed 24,644 personnel in our operations. Currently, there are no labour unions recognised by the Company. Any large scale disputes or other problems with our workforce may cause undue disruptions to our normal business operations. For example, certain employees of the Company along with members of an un-recognised trade union have declared a strike in our branches in the state of Kerala by forcing a closure of certain branches in the state from August 20, 2019. Such strikes and affected branches are within the state of Kerala and our branches outside Kerala have not been affected. We believe that such strikes are illegal and unjustified. We have reopened our branches as and when we believe that circumstances are conducive for re-commencement of operations without risk to people and property. While we believe that we maintain good relationships with our employees, we cannot assure you that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

34. ***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 by us 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.

35. ***Major lapses of control, system failures or calamities could adversely impact our business.***

We are vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security system, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to detect these breaches in security may adversely affect our operations.

36. ***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 the RBI Master Circular on bank finance to NBFCs issued on July 01, 2013, 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 the bank's 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.

RBI in its monetary policy announcement held on August 07, 2019 said that as a step towards harmonisation of the counterparty exposure limit to single NBFC with that of the general limit, it has been decided to raise a bank's exposure limit to a single NBFC to 20% of Tier-I capital of the bank.

37. ***We have entered into certain transactions with related parties. Any transaction with related parties may involve conflicts of interest.***

We have entered into transactions with several related parties, including our Promoters, Directors and related entities. We can give no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest.

For details regarding our related party transactions entered into by us as on March 31, 2019, see "*Financial Information*" at Annexure A beginning on page A-1 of this Tranche III Prospectus.

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

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" on page 79 of this Tranche III Prospectus. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our funding requirements are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

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

Our Promoters and Promoter Group hold, 73.65% of our outstanding Equity Shares as on June 30,2019. Our Promoters exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us which may not favour our best interest.

40. ***Our business strategy may change in the future and may be different from that which is contained herein. Any failure to successfully diversify into other businesses can adversely affect our financial condition.***

Our current business strategy is to leverage on our experience in the Gold Loans industry and to expand our branch network and increase our Gold Loan portfolio. We cannot assure you that we will continue to follow these business strategies. In the future, we may decide to diversify into other businesses. We may also explore opportunities for expansion into new geographic markets outside India. We have stated our objectives for raising funds through the Issue and have set forth our strategy for our future business herein. However, depending on prevailing market conditions and other commercial considerations, our business model in the future may change from what is described herein.

We cannot assure you that any diversification into other businesses will be beneficial to us. Further, any failure to successfully diversify in new businesses can adversely affect our financial condition.

41. ***Our Promoters, Directors and related entities have interests in a number of entities, which are in businesses similar to ours and this may result in potential conflicts of interest with us.***

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, other shareholders, Directors, executive officers and the holders of Equity Shares. Our Promoters, Directors and related entities have interests in the following entities that are engaged in businesses similar to ours:

1. Muthoot Vehicle & Asset Finance Limited
2. Geo Bros Muthoot Funds (India) Limited
3. Emgee Muthoot Benefit Fund (India) Limited
4. Muthoot M George Permanent Fund Limited
5. Muthoot Gold Funds Limited
6. Muthoot Synergy Fund Limited
7. Muthoot M George Chits (India) Limited
8. Muthoot Finance UK Limited

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

42. ***We are significantly dependent on our management team and our ability to attract and retain talent. Loss of any member from our management team can adversely affect our business and results of operation.***

We are significantly dependent upon a core management team which oversees the day-to-day operations, strategy and growth of our businesses. Many of the key management personnel have been with us since our inception and have been integral to our development. Our success is largely dependent on the management team which ensures the implementation of our strategy. If one or more members of our core management team are unable or unwilling to continue in their present positions, such persons may be difficult to replace, and our business and results of operation could be adversely affected.

43. ***Our employees may be the target of theft, burglary and other crimes which may adversely affect our business, operations, and ability to recruit and retain employees.***

We handle large amounts of cash and gold jewelry in our daily operations and are exposed to risks of theft, burglary and other crimes. Our employees may therefore become targets of violence if they are present when these crimes are committed, and may sustain physical and psychological injuries as a result of the same. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected.

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

We rely on our internal procedures for obtaining information on our customers and loan collateral provided. In the event of lapses or deficiencies in our procedures or in their implementation, we may be subject to business or operational risk. For example, in the event that we unknowingly receive stolen goods as collateral from a customer, the goods can be seized by 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.

45. ***We do not own a majority of our branches of operation. Any termination of arrangements for lease of our branches or our failure to renew the same in a favourable, timely manner, or at all, could adversely affect our business and results of operations. Most of the lease agreements entered into by our Company may not be duly registered or adequately stamped.***

Except for 15 branch offices, which are owned by us, all our branches are located on leased premises of which, some branches are located on premises wherein the underlying lease agreements have currently expired. For instance, some lease agreements for our branches would have expired and we maybe currently involved in negotiations for the renewal of these lease agreements. 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 unfavourable 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. For further details in relation to material eviction proceedings against us, see "*Pending proceedings and statutory defaults*" at page 173 of this Tranche III Prospectus.

Further, most of our lease agreements with respect to our immovable properties may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered as inadmissible as evidence in a court in India, may not be authenticated by any public officer, or attract penalty as prescribed under applicable law, which impact our ability to enforce these agreements effectively, which may result in a material adverse effect on the continuance of the operations and business of our Company.

46. ***Our Company is exposed to fluctuations in the market values of its investment and other asset portfolio.***

The financial markets' turmoil have adversely affected economic activity globally including India. Continued deterioration of the credit and capital markets may result in volatility of our Company's investment earnings and impairments to our Company's investment and asset portfolio. Further, the value of our Company's investments depends on several factors beyond its control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of the investments could negatively impact our Company's financial condition and cash flows.

47. ***Our financial statements prepared in accordance with Ind AS may not be comparable to our financial statements prepared in accordance with Indian GAAP and may not offer sufficient basis for investors to analyse the Company's financial condition and financial performance.***

Pursuant to the Companies (Indian Accounting Standards) Rules, 2015 (the **IAS Rules**) and the Roadmap for Non-Banking Finance Companies dated January 18, 2016 issued by the Ministry of Corporate Affairs, Government of India, the Company transitioned to the Indian Accounting Standards as prescribed under Section 133 of Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (**Ind AS**) on April 1, 2018. Ind AS is intended to align Indian GAAP further with the International Financial Reporting Standards as adopted by the International Accounting Standards Board (**IFRS**).

Accordingly, our financial statements (i.e., the limited reviewed standalone and consolidated financial results of the Company as at and for the three month period ended June 30, 2019 and our audited standalone and consolidated financial statements for the year ended March 31, 2019, which also include a comparative column as at and for the year ended March 31, 2018) included in this Tranche III Prospectus were prepared in accordance with Ind AS. Our **Financial Information** for prior years (i.e., our standalone and consolidated financial statements as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 included in the Shelf Prospectus were prepared in accordance with Indian GAAP. For the sake of comparability, certain financial information included in this Tranche III Prospectus as at and for the year ended March 31, 2018 has been derived from the comparative information (relating to that financial year) included in our Ind AS Audited Financial Statements for the year ended March 31, 2019.

For the purpose of understanding of difference between two accounting methods by the prospective investors , a summary of the significant qualitative differences between Indian GAAP and Ind AS is mentioned under section titled "*Summary of Significant Differences Between Indian GAAP and Ind AS*" on page 70 of the Shelf Prospectus. However, this summary may not contain all significant differences between Indian GAAP and Ind AS and reliance by prospective investors on this summary should be limited. Further, accounting treatment mentioned under the above may or may not apply to us partially or fully or may apply in amended form.

48. ***Our inability to detect money-laundering and other illegal activities fully and on a timely basis may expose us to additional liability and adversely affect our business and reputation.***

We are required to comply with applicable anti-money-laundering ("AML") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed Know Your Customer ("KYC") procedures, fraud and money laundering by dishonest customers. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, we cannot assure you that we will be able to fully control instances of any potential or attempted violation. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

49. ***The new bankruptcy code in India may affect our rights to recover loans from borrowers.***

The Insolvency and Bankruptcy Code was notified on August 5, 2016 ("Bankruptcy Code") which was amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2017 and Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 and is further proposed to be amended as per the Insolvency and Bankruptcy Code (Amendment) Bill, 2019. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time bound insolvency resolution and liquidation process. In case insolvency proceedings are initiated against a debtor, we may not have complete control over the recovery of amounts due to it. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a majority vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority. Accordingly, if the provisions of the Bankruptcy Code are invoked against any of our borrowers, it may affect our ability to recover our loans from borrowers and enforce our rights will be subject to the Bankruptcy Code. Any such event occurring may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

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

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

EXTERNAL RISK FACTORS

Risk factors related to India

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

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

- Political instability, a change in the Government or a significant change in the economic and deregulation policies, in particular, those relating to NBFCs and the Gold Loan industry, could adversely affect economic conditions in India, and could also adversely affect our financial condition and results of operations;

- The growth of our business and our performance is linked to the performance of the overall Indian economy. A slowdown in the economic growth in India, and in particular in the financing requirements of our customers could adversely affect our business and results of operations;

- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or neighbouring countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies have a material adverse effect on the market for securities of Indian companies, including the NCDs;

- Natural disasters in India may disrupt or adversely affect the Indian economy, which in turn could adversely affect our business, financial condition and results of operation;

- Any downgrade of India's sovereign rating by international credit rating agencies could adversely affect our ability to raise additional financing as well as our capital expenditure plans, business and future financial performance. In such event, our ability to grow our business and operate profitably would be severely constrained;

- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations; and

- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs which could have an adverse effect on our profitability and results of operations.

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

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totaled USD 430,501.30 million as on August 16, 2019 (*Source*: *RBI Website as on* August 23, 2019). A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition.

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

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 34.944%. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

54. ***Financial difficulty and other problems in certain financial institutions in India could adversely affect our business.***

As an Indian NBFC, we are exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence could adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme.

55. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

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

The introduction of the GST with effect from July 1, 2017 has resulted in an increase in our tax expenses. The rate of GST on financial services, excluding interest revenue, is 18 % compared to the 15% service tax rate that was payable before the implementation of GST. While certain companies are allowed 100% of the input tax credit, NBFCs, such as our Company, and banks are required to reverse 50% of the input tax credit under GST, which was also the rule under service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.75% under service tax to 9 % under GST for most of the services that we avail, resulting in additional cost. Although this impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods and services we purchase, the implementation of GST has resulted in an overall increase in our tax expenses.

Risks relating to the Issue and the NCDs

56. ***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 has 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 have not been prepared or independently verified by us or any of our respective affiliates or advisers 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 section titled "*Industry Overview*" at page 74 of the Shelf Prospectus. 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.

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

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

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

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

Our ability to pay interest accrued on the Secured NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Secured NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD holders on the assets adequate to ensure 100.00% asset cover for the Secured NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

60. ***If we do not generate adequate profits, we may not be able to invest an adequate amount representing the value of our ourstanding NCDs issued pursuant to this Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.***

Section 71 of the Companies Act, 2013, read with Rule 18 made under Chapter IV of the Companies Act, 2013, requires that any listed company that intends to issue debentures to the public must, on or before the 30th day of April of each year, in respect of such publicly issued debentures, invest an amount not less than 15% of the amount of the debentures maturing during the financial year which is ending on the 31st day of March of the next year, in any one or more of the following methods: (a) in deposits with any scheduled bank, free from any charge or lien; (b) in unencumbered securities of the Central Government or any State Government; (c) in unencumbered securities mentioned under section 20 of the Indian Trusts Act, 1882; or (d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882. Such invested amount shall not be used for any purpose other than for redemption for debentures maturing during the financial year which is ending on the 31st day of March of the next year. Further, the invested amount shall not, at any time, fall below 15% of the amount of the debentures maturing in such financial year. This may have a bearing on the timely redemption of the NCDs by our Company.

61. ***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.

62. ***There may be a delay in making refund to Applicants.***

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

63. ***Any downgrading in credit rating of our NCDs may adversely affect the value of NCDs and thus our ability to raise further debts.***

The Secured NCDs for an amount of upto ₹ 40,000.00 million proposed to be issued under the Issue have been rated "[ICRA] AA/Stable" by ICRA vide its letter dated December 31, 2018 and further revalidated by letter dated January 30, 2019 and further revalidated by letter dated April 24, 2019 and August 28, 2019. The Secured NCDs for an amount of upto ₹ 40,000.00 million proposed to be issued under the Issue have been rated "CRISIL AA/Stable" by CRISIL vide its letter dated January 18, 2019 and further revalidated by letter dated January 31, 2019 and further revalidated by latter dated April 22, 2019 and September 03, 2019 . The rating of the Secured NCDs by ICRA and CRISIL indicates a high degree of safety regarding timely servicing of financial obligations.

The rating provided by ICRA and CRISIL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to pages 227 to 253 of this Tranche III Prospectus for rating letters and rationale for the above rating.

64. ***Securities on our Secured NCDs rank as pari passu with our Company's secured indebtedness.***

Substantially all of our Company's current assets represented mainly by the Gold Loan receivables are being used to secure our Company's debt. As of March 31, 2019, our Company's secured debt was ₹ 210,177.36 million. Securities on our Secured NCDs will rank *pari passu* with any of our Company's secured obligations with respect to the assets that secure such obligations. The terms of the NCDs do not prevent our Company from incurring additional debt. In addition, the Secured NCDs will rank *pari passu* to the existing and future indebtedness and other secured liabilities and obligations of our Company.

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

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

66. ***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 our various financing activities including lending, subject to applicable statutory and/or regulatory requirements, and for general corporate purposes including repayment of our existing loans and for our capital expenditure and working capital requirements. For further details, see the section titled "*Objects of the Issue*" at page 79 of this Tranche III Prospectus. 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.

67. ***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 quarter ended June 30, 2019, in respect of which the Statutory Auditors of our Company have issued their Limited Review Reports dated August 12, 2019. As this financial information has been subject only to limited review as required by regulation 52(2) of SEBI LODR and as described in 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. We have prepared our financial statements in accordance with Ind AS with effect from April 1, 2018 with comparatives for prior periods. Ind AS differs in various respects from Indian GAAP. Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements. Accordingly, reliance by prospective investors to the Issue on such unaudited financial information shall be limited.

68. ***Security provided for the Issue may not be enforceable if the security provided for the Issue is classified as 'Assets' under the IT Act and will be void as against any claim in respect of any tax or any other sum payable by our Company.***

We have certain proceedings pending under the IT Act before the Income Tax Appellate Tribunal. Under section 281 of the IT Act and circular bearing number 04/2011 dated July 19, 2011, our Company is required to obtain prior consent of the assessing officer to create the security provided for the Issue to the extent classified as assets under section 281 of the IT Act, during the pendency of such proceedings. We have made an application to the relevant assessing officer seeking such prior consent on January 02, 2019. In the event that such consent is not granted, the security provided for the Issue to the extent classified as 'Assets' under section 281 of the IT Act will be void as against any claim in respect of any tax or any other sum payable by our Company, including as a result of the completion of these proceedings.

Prominent Notes:

- This is a public issue of upto ₹ 40,000.00 million secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("**NCDs**") ("**Shelf Limit**"). The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions as set out in the relevant tranche prospectus for any tranche issue (each a "**Tranche Issue**"), which issue is being made pursuant to the provisions of Securities and Exchange Board Of India (Issue and Listing Of Debt Securities) Regulations, 2008 as amended (the "**SEBI Debt Regulations**"), the Companies Act, 2013 and rules made thereunder as amended to the extent notified.

- For details on the interest of our Company's Directors, see the sections titled "*Our Management*" and "*Capital Structure*" beginning at pages 46 and 65 of this Tranche III Prospectus respectively.

- Our Company has entered into certain related party transactions, within the meaning of IND AS 24 as notified by the Companies (Indian Accounting Standards) Rules, 2015, as disclosed in Annexure A titled "*Financial Information*" beginning on page A-1 of this Tranche III Prospectus.

- Any clarification or information relating to the Issue shall be made available by the Lead Managers 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.

- Investors may contact the Registrar to the Issue, Compliance Officer and the Lead Managers for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact the Registrar to the Issue.

- In the event of oversubscription to the Issue, allocation of NCDs will be as per the "*Basis of Allotment*" set out on page 166 of this Tranche III Prospectus.

- Our Equity Shares are listed on the NSE and BSE. Our non-convertible debentures issued pursuant to twenty public issues in the past are listed on NSE and/or BSE.

- As of March 31, 2019, we had certain contingent liabilities not provided for, amounting to ₹ 7,977.51 million. For further information on such contingent liabilities, see "*Financial Information*" at Annexure A on page A-1 of this Tranche III Prospectus.

- For further information relating to certain significant legal proceedings that we are involved in, see "*Pending Proceedings and Statutory Defaults*" beginning on page 173 of this Tranche III Prospectus.

SECTION III: INTRODUCTION

GENERAL INFORMATION

Our Company was originally incorporated as a private limited company on March 14, 1997 under the provisions of the Companies Act, 1956, with the name "The Muthoot Finance Private Limited". Subsequently, by a fresh certificate of incorporation dated May 16, 2007, our name was changed to "Muthoot Finance Private Limited". Our Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent to change in status on December 02, 2008 from the Registrar of Companies, Kerala and Lakshadweep. Muthoot Fincorp Limited is neither a related company nor is a company under the same management within the meaning of the Companies Act, 1956*. For further details regarding the Promoters and the group companies please refer to "*Our Promoters*" at page 133 of the Shelf Prospectus and page 55 of this Tranche III Prospectus.

*Disclosure made in accordance with letter from SEBI bearing no. IMD/DOF-1/BM/VA/OW/22785/2013 dated October 30, 2013.

Corporate and Registered Office

Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi 682 018
Kerala, India
Tel: (+91 484) 239 4712
Fax: (+91 484) 239 6506
Website: www.muthootfinance.com
Email: ncd@muthootgroup.com

For details of change in registered office, refer to the section titled "*History and Main Objects*" on page 110 of the Shelf Prospectus and on page 59 of this Tranche III Prospectus.

Registration

Registration Number: 011300

Corporate Identity Number: L65910KL1997PLC011300 issued by the Registrar of Companies, Kerala and Lakshadweep.

Certificate of registration bearing number N. 16.00167 under Section 45IA of the RBI Act, 1934 from the RBI dated December 12, 2008 from the RBI to carry on the business of a non-banking financial institution without accepting public deposits.

Chief Financial Officer

Oommen K. Mammen
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi 682 018
Kerala, India
Tel: (+91 484) 2397156
Fax: (+91 484) 2396506
Email: oommen@muthootgroup.com

Company Secretary and Compliance Officer

Maxin James
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi 682 018
Kerala, India

Tel: (+91 484) 6690247
Fax: (+91 484) 2396506
Email: cs@muthootgroup.com

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

All grievances relating to the Tranche III 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 blocked on application, Depository Participant and the collection centre of the Designated Intermediary where the Application was submitted.

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

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

Lead Managers

Edelweiss Financial Services Limited
Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
Email: muthoot.ncd@edelweissfin.com
Investor Grievance Email:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Lokesh Singhi
Compliance Officer: Mr. B Renganathan
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

A. K. Capital Services Limited
30-38, Free Press House
3rd Floor, Free Press Journal Marg,
215, Nariman Point
Mumbai - 400 021, India
Tel: (91 22) 67546500, 66349300
Fax: (91 22) 66100594
Email: mflncd2019@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Ms. Aanchal Wagle/ Mr. Malay Shah
Compliance Officer: Mr. Tejas Davda
SEBI Registration No.: INM000010411
CIN: L74899MH1993PLC274881

Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17 R, Kamani Marg, Ballard Estate
Mumbai 400 001, India
Tel: (+91 22) 4080 7000
Fax: (91 22) 6631 1776

Email: anjalee@idbitrustee.com
Website: www.idbitrustee.co.in
Contact Person: Anjalee Athalye
SEBI Registration No.: IND000000460
CIN: U65991MH2001GOI131154

IDBI Trusteeship Services Limited has by its letter dated January 14, 2019 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Tranche III Issue.

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli West,
Mumbai 400 089, India
Tel: (+91 22) 4918 6200
Fax: (+91 22) 4918 6195
Email:mfl.ncd2019@linkintime.co.in
Investor Grievance
Email: mfl.ncd2019@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited has by its letter dated January 12, 2019 given its consent for its appointment as Registrar to the Issue and for its name to be included in the Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Tranche III Issue.

Statutory Auditors

Varma & Varma
Chartered Accountants
"Sreeraghavam", Kerala Varma Tower,
Bldg No. 53/2600 B, C, D & E,
Off Kunjanbava Road, Vyttila P.O.,
Kochi- 682019
Tel: 91 – 484 – 2302223
Fax: 91 – 484 – 2306046
Email: kochi@varmaandvarma.com
Firm Registration No.: 004532S

Varma & Varma, chartered accountants, has been the statutory auditor of the Company since September 20, 2017. Previously, Rangamani & Co. has been the statutory auditor of the Company since September 2002 and continued as the statutory auditor of the Company till September 20, 2017. Members of the Company in their annual general meeting dated September 20, 2017 appointed Varma & Varma, Chartered Accountants (FRN: 004532S) in place of the retiring auditors M/s. Rangamani & Co.

Credit Rating Agencies

ICRA Limited
Building No. 8, 2nd Floor,
Tower A, DLF Cyber City, Phase II,
Gurgaon – 122 002
Telephone: (+91) (124) 4545 310
Facsimile: (+91) (124) 4050 424
Email: amit.gupta@icraindia.com
Contact Person: Mr. Amit Kumar Gupta
Website: www.icra.in

SEBI Registration Number: IN/CRA/008/2015

CRISIL Limited
CRISIL House, Central Avenue
Hiranandani Business Park, Powai
Mumbai 400 076, India
Telephone: (+91 22) 3342 3000 (B)
Facsimile: (+91 22) 3342 3050
Email: crisilratingdesk@crisl.com
Contact Person: Mr. Krishnan Sitaraman
Website: www.crisil.com
SEBI Registration Number: IN/CRA/001/1999

Credit Rating

The Secured NCDs proposed to be issued under this Tranche III Issue have been rated 'CRISIL AA/Stable' (pronounced as CRISIL double A rating with Stable outlook) for an amount of ₹ 40,000 million, by CRISIL vide their letter dated January 18, 2019 and further revalidated by letters dated January 31, 2019, April 22, 2019 and September 03, 2019 and '[ICRA]AA(Stable)' (pronounced as ICRA double A) for an amount of ₹ 40,000 million by ICRA Limited vide their letter dated December 31, 2018 and further revalidated by letters dated January 30, 2019, April 24, 2019 and August 28, 2019. The rating of 'CRISIL AA/Stable' by CRISIL Limited and '[ICRA]AA' by ICRA Limited indicate that instruments with these ratings are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For the rationale for these ratings, see pages 230 and 243 of this Tranche III Prospectus. These ratings are not recommendations to buy, sell or hold securities and investors should take their own decision. These rating are subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

Disclaimer clause of ICRA

"This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you. If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating this rating, the same would stand withdrawn unless revalidated before the expiry of 3 months."

Disclaimer clause of CRISIL

"CRISIL Limited (CRISIL) has taken due care and caution in preparing the Material based on the information provided by its client and / or obtained by CRISIL from sources which it considers reliable (Information). A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material 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 the Material. Without limiting the generality of the foregoing, nothing in the Material 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. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301."

Legal Advisors to the Issue

AZB & Partners
7th Floor, Embassy Icon
Infantry Road,
Bengaluru – 560 001, India
Tel: (+91 80) 4240 0500
Fax: (+91 80) 2221 3947

Public Issue Account Bank and Refund Bank

ICICI Bank Limited
Capital Market Division, 1st Floor
122, Mistry Bhavan. Dinshaw Vachha Road, Backbay Reclamation
Churchgate, Mumbai 400 020 – India
Tel: (91 22) 66818923/924/932
Fax: (91 22) 22611138
Email: shweta.surana@icicibank.com
Contact Person: Shweta Surana
Website: www.icicibank.com
SEBI Registration No.: INBI00000004

Lead Broker(s) to the Issue

Axis Capital Limited
Axis House, Level 1, C-2,
Wadia International Centre,
P.B. Marg, Worli, Mumbai 400 025
Tel: (91 22) 4325 3110
Fax: (91 22) 43253000
Email: ajay.sheth@axiscap.in / vinayak.ketkar@axiscap.in
Contact Person: Ajay Sheth / Vinayak Ketkar
Website: www.axiscapital.co.in
SEBI Registration No.: INM000012029

Edelweiss Securities Limited
Edelweiss House,
Off. C.S.T Road,
Kalina, Mumbai – 400 098
Tel: (91 22) 4063 5569 / (91 22) 4063 5411
Fax: (91 22) 6747 1347
Email: amit.dalvi@edelweissfin.com /pakash.boricha@edelweissfin.com
Contact Person: Mr. Amit Dalvi /Mr. Prakash Boricha
Website: www.edelweissfin.com
SEBI Registration No.: INZ000166136

HDFC Securities Limited
I Think Techno Campus,
Building B, Alpha, Office Floor 8
Opposite Crompton Greaves, Kanjurmarg East,
Mumbai 400 042
Tel: (91 22) 3075 3400
Fax: (91 22) 3075 3435
Email:customercare@hdfcsec.com
Contact Person: Devan Mhatre
Website: www.hdfcsec.com
SEBI Registration No: BSE: INB/F011109437; NSE: INB/F/E231109431

Karvy Stock Broking Limited
'Karvy House', 46,
Avenue 4, Street No. 1,
Banjara Hills,
Hyderabad 500 034,
Tel: (91 40) 2331 2454
Fax: (91 40) 2331 1968
Email: ksbldist@karvy.com
Contact Person: Mr. P.B. Ramapriyan
Website: www.karvy.com
SEBI Registration No.: INB230770138 (NSE), INB010770130 (BSE)

Integrated Enterprises (India) Private Limited
A-123,12th Floor, Mittal Tower,
Nariman Point ,Mumbai-400021.
Tel: (91 22) 4066 1800
Fax: (91 22) 2287 4676
Email: krishnan@integratedindia.in
Contact Person: V Krishnan
Website: www.integratedindia.in
SEBI Registration No.: INZ000095737

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai-400 020
Tel: (91 22) 66377157
Email: rajat.rawal@icicisecurities.com, customercare@icicisecurities.com
Contact Person: Rajat Rawal
Website: www.icicisecurities.com
SEBI Registration No.: INM000011179

Muthoot Securities Limited
1st Floor. Alpha Plaza, KP Vallon Road
Kadavanthara, Kochi
Kerala 682 020, India
Tel: (91 484) 433 7555, 4337587
Fax: Nil
Email: securities@muthootsecurities.com
Contact Person: Ragesh G.R. (Director & CEO)
Website: www.muthootsecurities.com
SEBI Registration No.: BSE: INB011294338;

SMC Global Securities Limited
17, Netaji Subhash Marg,
Opposite Golcha Cinema, Daryaganj,
New Delhi- 110 002
Tel: 91) 98186 20470, (91) 9810059041
Fax: (91 11) 2326 3297
Email: mkg@smcindiaonline.com / neerajkhanna@smcindiaonline.com
Contact Person: Mahesh Gupta / Neeraj Khanna
Website: www.smctradeonline.com
SEBI Registration No.: INB23/07714-31

IIFL Securities Limited
6th & 7th Floor, Ackruti Centre Point,

RR Equity Brokers Private Limited
412-422, Indraprakash Building, 21,

Lead Broker(s) to the Issue	
Central Road, MIDC, Andheri (E), Mumbai – 400093 **Tel**: (91 22) 3929 4000 / 4103 5000 **Fax**: (91 22) 2580 6654 **Email**: cs@indiainfoline.com **Contact Person**: Prasad Umarale **Website**: www.indiainfoline.com **Investor Grievance e-mail ID:** customergrievances@indiainfoline.com **SEBI Registration No.**: INZ000164132	Barakhamba Road, New Delhi – 110001 **Tel**: (91 11) 2335 4802 **Fax**: (91 11) 2332 0671 **Email**: ipo@rrfcl.com **Contact Person**: Jeetesh Kumar **Website**: www.rrfinance.com **SEBI Registration No.**: BSE: INB011219632; NSE: INB231219636
Kotak Securities Limited 4th Floor, C-12, G Block,Bandra Kurla Complex, Bandra (E), Mumbai 400 051 **Tel**: (91 22) 6748 5470 **Fax**: (91 22) 6661 7041 **Email**: umesh.gupta@kotak.com **Contact Person**: Umesh Gupta **Website**: www.kotak.com **SEBI Registration No.**: BSE: INB010808153; NSE: INB230808130	**A. K. Stockmart Private Limited** 30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021. **Tel**: (91 22) 6754 6500 **Fax**: (91 22) 6754 4666 **Email**: ankit@akgroup.co.in / ranjit.dutta@akgroup.co.in **Contact Person**: Ankit Gupta / Ranjit Dutta **Website**: www.akgroup.co.in **SEBI Registration No.**: INZ000240830

Impersonation

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

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. ₹ 750 million. If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 750 million within the prescribed timelines under Companies Act, 2013 and any rules thereto, the entire subscription amount shall be refunded to the Applicants within the timelines prescribed under Applicable Law. In the event, there is a delay, by our Company in making the aforesaid refund within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Arrangers

No arrangers have been appointed for this Tranche III Issue.

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/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on 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.

CRTAs / CDPs

The list of the CRTAs and CDPs, eligible to accept Applications in the Tranche III 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 CRTAs and CDPs, as updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs 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 Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Utilisation of Tranche III Issue proceeds

Our Board of Directors certify that:

- all monies received out of this Tranche III Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act, 2013;

- the allotment letter shall be issued or application money shall be refunded within fifteen days from the closure of this Tranche III Issue or such lesser time as may be specified by Securities and Exchange Board, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

- details of all utilised and unutilised monies out of previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate head in our 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 utilised and the form in which such unutilised monies have been invested;

- we shall utilize the Tranche III Issue proceeds only upon creation of security and obtaining Listing and Trading approval as stated in this Tranche III Prospectus in the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus; and

- the Tranche III 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 or in the purchase of any business or in the purchase of an interest in any business.

Tranche III Issue Programme

TRANCHE III ISSUE OPENS ON	SEPTEMBER 27, 2019
TRANCHE III ISSUE CLOSES ON	OCTOBER 30, 2019

The subscription list shall remain open for subscription on Working Days from 10 A.M. to 5 P.M., during the period mentioned above, except that this Tranche III Issue may close on such earlier date or extended date as may be decided by the Board or NCD Committee. In the event of such an early closure of or extension subscription list of this Tranche III Issue, our Company shall ensure that notice of such early closure or extension 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 this Tranche III 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 BSE, on Working Days during the Tranche III Issue Period. On the Tranche III Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 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 BSE.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchange on the Tranche III Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Tranche III Issue Closing Date and, not later than 3.00 p.m. (Indian Standard Time) on the Tranche III Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Tranche III Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under this Tranche III Issue. Application Forms will only be accepted on Working Days during the Tranche III Issue Period. Neither our Company, nor the Designated Intermediaries are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI circular dated October 29, 2013, the allotment in this Tranche III Issue should be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

MATERIAL DEVELOPMENTS

Material developments since the date of filing of the Shelf Prospectus:

Other than as described below, there are no recent material developments in relation to our Company since the filing of the Shelf Prospectus with the ROC, BSE and SEBI, including in respect of disclosure under the sections titled "***Our Management***". "***Our Promoters***" and "***History and Main Objects***".

Unless otherwise stated, financial information used in this section is based on the unaudited financial information for the three months ended on June 30, 2019 and other information is based on management information system of the Company.

Our Company further confirms that this Tranche III Prospectus contains all material disclosures which are true and adequate to enable prospective investors to make an informed investment decision in this Tranche III Issue, and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

Any and all material updates as mentioned below shall be applicable to the Shelf Prospectus in its entirety, wherever necessary, and shall not correspond solely or exclusively to the specific sections mentioned below.

- **Our Management**

Details relating to Directors

Name, Designation, Age and DIN	Nationality	Date of Appointment	Address	Other Directorships
M. G. George Muthoot Age: 70 years Whole Time Director and Chairman Director Identification Number: 00018201	Indian	April 01, 2010	Muthoot House G 74, East of Kailash New Delhi 110 065	1. M G M Muthoot Medical Centre Private Limited 2. Muthoot Farms India Private Limited 3. Muthoot Broadcasting Private Limited 4. Emgee Board and Paper Mills (P) Limited 5. Muthoot M George Chits India Limited 6. Marari Beach Resorts Private Limited 7. Muthoot Securities Limited 8. Muthoot Commodities Limited 9. Muthoot M George Institute of Technology 10. Muthoot Homefin (India) Limited 11. Muthoot Health Care Private Limited 12. Muthoot Synergy Fund Limited 13. Muthoot Anchor House Hotels Private Limited 14. Geobros Properties and Realtors Private Limited 15. Adams Properties Private Limited 16. Muthoot Infopark Private Limited 17. Muthoot M George Real Estate Private Limited
George Thomas Muthoot Age: 68 years Whole Time Director Director Identification Number: 00018281	Indian	April 01, 2010	Muthoot House House No. 9/324 A, Miss East Lane, Baker Junction, Kottayam Kerala 686 001	1. Muthoot Leisure and Hospitality Services Private Limited 2. M G M Muthoot Medical Centre Private Limited 3. Muthoot Holiday Homes and Resorts Private Limited 4. Muthoot Vehicle & Asset Finance Limited 5. Muthoot Broadcasting Private Limited 6. Muthoot M George Chits India

Name, Designation, Age and DIN	Nationality	Date of Appointment	Address	Other Directorships
				Limited 7. Marari Beach Resorts Private Limited 8. Adams Properties Private Limited 9. Muthoot M George Institute of Technology 10. Muthoot Homefin (India) Limited 11. Muthoot Anchor House Hotels Private Limited 12. Geobros Properties and Realtors Private Limited 13. Muthoot Synergy Fund Limited 14. Muthoot Health Care Private Limited 15. Muthoot Infopark Private Limited 16. Muthoot M. George Real Estate Private Limited
George Jacob Muthoot Age: 66 years Whole Time Director Director's Identification Number: 00018235	Indian	April 01, 2010	Muthoot House House No. TC/4/2515 Marappalam, Pattom P. O. Thiruvananthapuram Kerala 695 014	1. Muthoot Leisure and Hospitality Services Private Limited 2. Muthoot Infopark Private Limited 3. Muthoot Insurance Brokers Private Limited 4. Muthoot Forex Limited 5. M G M Muthoot Medical Centre Private Limited 6. Muthoot Marketing Services Private Limited 7. Muthoot Broadcasting Private Limited 8. Marari Beach Resorts Private Limited 9. Muthoot Developers Private Limited 10. Muthoot Securities Limited 11. Muthoot Commodities Limited 12. Adams Properties Private Limited 13. Oxbow Properties Private Limited 14. Muthoot M George Institute of Technology 15. Muthoot Anchor House Hotels Private Limited 16. Geobros Properties and Realtors Private Limited 17. Muthoot Health Care Private Limited 18. Muthoot M. George Real Estate Private Limited 19. Muthoot Money Limited 20. Muthoot Global UK Limited
George Alexander Muthoot Age: 64 years Managing Director Director Identification Number: 00016787	Indian	April 01, 2010	Muthoot House G 343, Panampilly Nagar, Ernakulam Kerala 682 036	1. Muthoot Infopark Private Limited 2. Muthoot Forex Limited 3. M G M Muthoot Medical Centre Private Limited 4. Muthoot Insurance Brokers Private Limited 5. Muthoot Vehicle &Asset Finance Limited 6. Marari Beach Resorts Private Limited 7. Adams Properties Private Limited 8. Muthoot Securities Limited 9. Muthoot Commodities Limited 10. Muthoot Marketing Services Private Limited 11. Muthoot M George Institute of Technology 12. Muthoot Homefin (India) Limited 13. Muthoot Anchor House Hotels

Name, Designation, Age and DIN	Nationality	Date of Appointment	Address	Other Directorships
				Private Limited 14. Geobros Properties and Realtors Private Limited 15. Muthoot M George Real Estate Private Limited
Jose Mathew Age: 68 years Independent Director Director's Identification Number: 00023232	Indian	September 20, 20 17	Vadakkekalam Green Villa Chamber Road, Bazar P O Alappuzha - 688012	1. Green Shore Holidays and Resorts Private Limited 2. Muthoot Vehicle & Asset Finance Limited
John K. Paul Age: 66 years Independent Director Director Identification Number: 00016513	Indian	July 21, 2010	42/1058, Kuttukaran House St Benedict Road, Ernakulam Kerala 682 018	1. Popular Vehicles and Services Limited 2. Kuttukaran Cars Private Limited 3. Popular Auto Dealers Private Limited 4. Popular Auto Spares Private Limited 5. Popular Autoworks Private Limited 6. Keracon Equipments Private Limited 7. Prabal Motors Private Limited 8. Federation of Automobile Dealers Associations Tfr. From Mumbai to Delhi 9. Kuttukaran Pre Owned Cars Private Limited 10. Foundation for Entrepreneurial Development (Kerala)
George Joseph Age: 70 years Independent Director Director Identification Number: 00253754	Indian	July 21, 2010	Melazhakath Arakkulam Idukki district Kerala 685 591	1. Wonderla Holidays Limited 2. Credit Access Grameen Limited 3. ESAF Small Finance Bank Limited 4. Muthoot Asset Management Private Limited
Alexander George Age: 39 years Whole-time Director Director Identification Number: 00938073	Indian	November 05, 2014	Muthoot House G 74, East of Kailash New Delhi 110 065	1. Nerur Rubber & Plantations Private Limited 2. Tarkali Rubber & Plantations Private Limited 3. Patgaon Plantations Private Limited 4. Muthoot Systems and Technologies Private Limited 5. Unisom Rubber and Plantations Private Limited 6. Muthoot M George Permanent Fund Ltd 7. Muthoot Insurance Brokers Private Limited 8. Muthoot Holidays Private Limited 9. Muthoot Homefin (India) Limited 10. Muthoot Securities Limited 11. Muthoot Asset Management Private Limited
Pamela Anna Mathew Age: 69 years Independent Director	Indian	November 05, 2014	OEN House, Tripunitura Road, Vytilla- 19	1. O/E/N India Ltd 2. Geomaths Stocks and Shares Trading Private Limited

Name, Designation, Age and DIN	Nationality	Date of Appointment	Address	Other Directorships
Director Identification Number: 00742735				
Jacob Benjamin Koshy Age: 72 years Independent Director Director Identification Number: 07901232	Indian	September 20, 2017	38/617A, Thripthi Lane S A Road, Kochi, MG Road Ernakulam 682016	Nil

Profile of Directors

The disclosures in relation to K. George John stand deleted.

Remuneration of the Directors

Terms and Conditions of Employment of Executive Directors

M. G. George Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the Whole-Time Director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010. He has been re-appointed as Whole Time Director of the Company for a period of 5 years with effect from April 01, 2015 by a resolution passed by the members of the Company at the Annual General Meeting held on September 25, 2014.

The remuneration paid to M. G. George Muthoot for the financial year ended March 31, 2019 is ₹ 133.23 millions.

George Thomas Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the Whole-Time Director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010 has been re-appointed as Whole Time Director of the Company for a period of 5 years with effect from April 01, 2015 by a resolution passed by the members of the Company at the Annual General Meeting held on September 25, 2014.

The remuneration paid to George Thomas Muthoot for the financial year ended March 31, 2019 is ₹ 133.23 millions.

George Jacob Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the Whole-Time Director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010. He has been re-appointed as Whole Time Director of the Company for a period of 5 years with effect from April 01, 2015 by a resolution passed by the members of the Company at the Annual General Meeting held on September 25, 2014.

The remuneration paid to George Jacob Muthoot for the financial year ended March 31, 2019 is ₹ 133.23 millions.

George Alexander Muthoot was appointed for a period of 5 years, with effect from April 01, 2010 as the Managing Director of the Company by a resolution of the Board dated March 01, 2010, approval of the members dated July 21, 2010 and duly executed employment agreement with the Company dated March 31, 2010. He has been re-appointed as Managing Director of the Company for a period of 5 years with effect from April 01, 2015 by a resolution passed by the members of the Company at the Annual General Meeting held on September 25, 2014.

The remuneration paid to George Alexander Muthoot for the financial year ended March 31, 2019 is ₹ 133.23 millions.

The general terms of the employment agreements executed by the Company with Mr. George Alexander Muthoot, the Managing Director, Mr. M. G. George Muthoot, Mr. George Thomas Muthoot and Mr. George Jacob Muthoot, the Whole-Time Directors are as under:

S. No.	Category	Description
Remuneration		
1.	Basic salary	₹ 1,000,000.00 per month with such increments as may be decided by the Board from time to time, subject to a ceiling of 25% per annum of original basic salary as stated above.
2.	Special allowance	₹ 1,000,000.00 per month with such increments as may be decided by the Board from time to time, subject to a ceiling of 25% per annum of original basic salary as stated above.
3.	Annual performance incentive	₹ 18,000,000.00 per annum or 1% of profit before tax before charging annual performance incentive whichever is higher, payable quarterly or at other intervals, subject to a maximum amount as may be decided by the Board from time to time within the limit as stated above.
Perquisites		
1.	Residential accommodation	Company's owned / hired / leased accommodation or house rent allowance at 50% of the basic salary in lieu of Company provided accommodation.
2.	Expenses relating to residential accommodation	Reimbursement of expenses on actuals not exceeding the basic salary, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement of upkeep and maintenance expenses in respect of residential accommodation.
3.	Others	Other perquisites not exceeding the basic salary, such as furnishing of residential accommodation, security guards at residence, attendants at home, reimbursement of medical expenses for self and family, travelling expenses, leave travel allowance for self and family, club fees, personal accident insurance, provident fund contribution and superannuation fund, gratuity contribution, encashment of earned/privilege leave, cars and conveyance facilities, provision for driver or driver's salary and other policies and benefits that may be introduced from time to time by the Company shall be provided to the Whole time Directors and Managing Director as per the rules of the Company subject to approval of the Board.

Alexander M George was appointed with effect from November 05, 2014 as an Additional Director of the Company by a resolution of the Board dated November 05, 2014. He has been appointed as Whole Time Director by the members in their annual general meeting dated September 30, 2015.

The remuneration paid to Alexander M George for the financial year ended March 31, 2019 is ₹ 14.68 millions.

Terms and Conditions of Employment of Mr. Alexander M George, Whole Time Director is as follows:

S. No.	Category	Description
Remuneration		
1.	Basic salary	₹ 2,00,000.00 per month with such increments as may be decided by the Board from time to time, subject to a ceiling of 25% per annum of original basic salary as stated above.
2.	Special allowance	₹ 2,00,000.00 per month with such increments as may be decided by the Board from time to time, subject to a ceiling of 25% per annum of original basic salary as stated above.
3.	Annual performance incentive	₹ 1,200,000.00 per annum or 0.25% of profit before tax before charging annual performance incentive whichever is higher, payable quarterly or at other intervals, subject to a maximum amount as may be decided by the Board from time to time within the limits stated above.
Perquisites		
1.	Residential accommodation	Company's owned / hired / leased accommodation or house rent allowance at 50% of the basic salary in lieu of Company provided accommodation.
2.	Expenses relating to residential accommodation	Reimbursement of expenses on actuals not exceeding the basic salary, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement of upkeep and maintenance expenses in respect of residential accommodation.
3.	Others	Other perquisites not exceeding the basic salary, such as furnishing of residential accommodation, security guards at residence, attendants at home, reimbursement of medical expenses for self and family, travelling expenses, leave travel allowance for self and family, club fees, personal accident insurance, provident fund contribution and superannuation fund, gratuity contribution, encashment of earned/privilege leave, cars and conveyance facilities, provision for driver or driver's salary and other policies and benefits that may be introduced from time to time by the Company shall be provided to the whole time Director as per the rules of the Company subject to approval of the Board.

Terms and Conditions of Employment of Non-Executive Directors

Subject to powers conferred under Article 105 and 106 of the Articles of Association and pursuant to a resolution passed at the meeting of the Board of the Company on May 13, 2019 a sitting fees of ₹ 65,000 is payable to Non-Executive Directors for attending each meeting of the Board and a sitting fees of ₹ 20,000 is payable to Non-Executive Directors for attending each meeting of a Committee. Further, if any Director is called upon to advice the Company as an expert or is called upon to perform certain services, the Board is entitled to pay the director such remuneration as it thinks fit. Save as provided in this section, except for the sitting fees and any remuneration payable for advising the Company as an expert or for performing certain services, our non-executive directors are not entitled to any other remuneration from the Company.

In accordance with the resolution of the members dated September 25, 2014, the Directors (excluding the Managing Director and Whole Time Directors) are entitled to, as Commission, an aggregate sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of the Act. Subject to the above, payments and distribution amongst the Directors shall be at the discretion of the Board and such payments are payable in respect of the profits of the Company for each financial year.

No remuneration is being paid to any director of the Company by any subsidiary or associate company.

Debenture/Subordinated Debt holding of Directors:

Details of the debentures/subordinated debts held in our Company by our Directors, as on June 30, 2019 are provided below:

The details of secured non-convertible debentures of the face value of ₹ 1,000 each held by the directors of the Company is set out below:

Name of Director	Number of Secured non convertible debentures	Amount (in ₹ Million)
George Alexander Muthoot	377,900	377.90
George Jacob Muthoot	200,000	200.00
M G George Muthoot	200,000	200.00
George Thomas Muthoot	200,000	200.00
Alexander M George	120,000	120.00

The details of subordinated debts of the face value of ₹ 1,000 each held by the directors of the Company is nil.

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 Tranche III Prospectus are as follows:

Name	Designation	DIN	Date of appointment	Date of resignation	Remarks
K George John	Director	00951332	September 27, 2013	June 30, 2019	Death
Pratip Chaudhuri	Independent Director	00915201	September 20, 2017	March 09, 2018	Resignation
Pratip Chaudhuri	Independent Director	00915201	September 20, 2017	NA	Appointment
Jacob Benjamin Koshy	Independent Director	07901232	September 20, 2017	NA	Appointment
Jose Mathew	Independent Director	00023232	September 20, 2017	NA	Appointment
Justice K John Mathew	Independent Director	00371128	September 20, 2008	September 20, 2017	Retired

Shareholding of Directors

As per our Articles of Association, our Directors are not required to hold any qualification Equity Shares in the Company.

Details of the shares held in our Company by our Directors, as on June 30, 2019 are provided in the table given below:

S. No.	Name of Director	No. of Shares	Percentage Shareholding(%) in the total Share Capital
1.	M.G. George Muthoot	46,551,632	11.6175
2.	George Thomas Muthoot	43,630,900	10.8886
3.	George Jacob Muthoot	43,630,900	10.8886
4.	George Alexander Muthoot	43,630,900	10.8886
5.	Alexander M George	6,772,500	1.6902
6.	George Joseph	1,134	Negligible
Total		**184,217,966**	**45.9735**

Our Directors do not hold any shares (voting rights) in any subsidiary or associate company of the Company.

Corporate Governance

Following committees were reconstituted after the filing of the Shelf Prospectus dated February 05, 2019

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by our Directors by a board resolution dated April 05, 2019 and comprises of the following directors:

Name of the Director	Designation in the Committee	Nature of Directorship
John K Paul	Chairman	Independent Director
Jacob Benjamin Koshy	Member	Independent Director
Jose Mathew	Member	Independent Director

Terms of reference of the Nomination and Remuneration Committee include the following:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with Criteria as lay down and recommend to Board their appointment and removal.
- Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
- Ensure that the proposed appointees have given their consent in writing to the Company;
- Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and
- Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings
- Determine and agree with the Board the framework for broad policies for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board policies, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
- Review the on-going appropriateness and relevance of the remuneration policy.
- Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.
- Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.
- Formulate ESOP plans and decide on future grants.
- Formulate terms and conditions for a suitable Employee Stock Option Scheme and to decide on followings under Employee Stock Option Schemes of the Company:

a) the quantum of option to be granted under ESOP Scheme(s) per employee and in aggregate;
b) the condition under which option vested in employees may lapse in case of termination of employment for misconduct;
c) the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
e) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
g) the grant, vest and exercise of option in case of employees who are on long leave; and
h) the procedure for cashless exercise of options.

▪ Any other matter, which may be relevant for administration of ESOP Scheme including allotment of shares pursuant to exercise of options from time to time.

CSR & Business Responsibility Committee

The CSR & Business Responsibility Committee constituted by our Directors by a board resolution dated August 11, 2014 was re- constituted as the CSR & Business Responsibility Committee on April 05, 2019 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Jose Mathew	Chairman	Independent Director
John K Paul	Member	Independent Director
George Alexander Muthoot	Member	Managing Director

Terms of reference of the CSR & Business Responsibility Committee include the following:

- To do all acts and deeds as required under Section 135 of Companies Act, 2013 read with Relevant Rules;

- To approve, adopt and alter the Policy Documents for CSR & Business Responsibility Committee activities of the Company;

- To supervise, monitor and Direct CSR & Business Responsibility Committee activities of the Company and approving Budgets, sanctioning the amount required for various CSR and Business Responsibility Activities;

- To authorize or delegate any of its power for administration purposes/expenses related to day to day activities of Company for CSR and Business Responsibility to any member of the Committee;

- To review CSR and Business Responsibility activities of the Company on a regular basis as decided by the Committee on basis of CSR and Business Responsibility policy and other guidelines as adopted by the Committee; and

- To do all acts and deeds as required for the purpose of Business Responsibility reporting and required supervision, monitoring and direction.

Risk Management Committee

Risk Management Committee was re-constituted by our directors by a board resolution dated April 05, 2019 and comprises of the following directors:

Name of the Director	Designation in the Committee	Nature of Directorship
George Joseph	Chairman	Independent Director
Jose Mathew	Member	Independent Director
George Alexander Muthoot	Member	Managing Director

The Risk Management Committee shall have overall responsibility for overseeing the risk management activities of the Company, approving appropriate risk management procedures and measurement methodologies across the organization as well as identification and management of strategic business risks. Terms of reference of Risk Management Committee includes the following:

- To champion and promote the enterprise risk management and to ensure that the risk management process and culture are embedded throughout the Company.

- To ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.

- To provide adequate information to the Board on key risk management matters.

- To identify new strategic risks including corporate matters. E.g. Regulatory, business development etc.

- To monitor and manage the operational risks arising from IT applications.

- Oversight of the Information Security Officers/ Team

- To oversee the processes for preventing, detecting, analysing and responding to information security incidents.

- **Our Promoters**

Profiles of our Promoters

The following individuals are the Promoters of our Company:

1. M.G. George Muthoot;
2. George Thomas Muthoot;
3. George Jacob Muthoot; and
4. George Alexander Muthoot.

The details of our Promoters are provided below:

	***M.G. George Muthoot*** Voter ID Number: **ARE0335588** Driving License: **P03092001281725**		***George Jacob Muthoot*** Voter ID Number: **KL/20/134/123133** Driving License: **3/190/1984**
	***George Thomas Muthoot*** Voter ID Number: **KL/13/090/048241** Driving License: **5/2968/1983**		***George Alexander Muthoot*** Voter ID Number: **BXD1345453** Driving License: **3/730/1973**

For additional details on the age, background, nationality, personal address, educational qualifications, experience, experience in the business of our Company, positions/ posts held in the past, terms of appointment as Directors and other directorships of our Promoters, see the section titled "*Our Management*" at page 115 of the Shelf Prospectus and page 46 of this Tranche III Prospectus.

Common Pursuits of Promoters and group companies

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

1. Muthoot Vehicle & Asset Finance Limited
2. Geo Bros Muthoot Funds (India) Limited
3. Emgee Muthoot Benefit Fund (India) Limited
4. Muthoot M George Permanent Fund Limited
5. Muthoot Gold Funds Limited
6. Muthoot Synergy Fund Limited
7. Muthoot M George Chits (India) Limited
8. Muthoot Finance UK Limited

Our Company has not adopted any measures for mitigating such conflict situations. For further details, see section titled "*Risk Factors"* at page 12 of this Tranche III Prospectus. For further details on the related party transactions, to the extent of which our Company is involved, see Annexure A titled "*Financial Information*" at page A-1 of this Tranche III Prospectus and see Annexure A titled "*Financial Information*" at page A-1 of the Shelf Prospectus.

Interest of Promoters in our Company

Except as disclosed below, other than as our shareholders, Promoters, to the extent of the dividend that may be declared by our Company and to the extent of the remuneration received by them in their capacity as Executive Directors, to the extent of interest receivable on loans advanced/subordinated debts, rent received from our Company for lease of immovable properties owned by Promoters, our Promoters do not have any other interest in our Company. Further, our Promoters have given certain personal guarantees in relation to loan facilities availed by our Company. For details see the section titled "*Disclosures on Existing Financial Indebtedness*" at page 114 of this Tranche III Prospectus.

The details of the properties leased out by our Promoters are as follows:

Name of Promoter	Nature of interest
M. G. George Muthoot	1. Agreement dated April 4, 2009 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 3. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 4. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 5. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 6. Agreement dated March 1, 2010 between our Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 7. Agreement dated March 1, 2010 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala.
George Thomas Muthoot	1. Agreement dated April 4, 2009 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 4, 2009 between our Company and Muthoot Properties & Investments represented by George Jacob Muthoot, for lease of Kottayam zonal office and regional office. 3. Agreement date April 4, 2009 between our Company and Muthoot Properties &

Name of Promoter	Nature of interest
	Investments represented by George Jacob Muthoot, for lease of the Kollan regional office and Vadayattukota branch. 4. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 5. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 6. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 7. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 8. Agreement dated March 1, 2010 between our Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 9. Agreement dated April 4, 2009 between our Company and George Thomas Muthoot for lease of the guest house of our Company in Cochin. 10. Agreement dated March 1, 2010 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala.
George Jacob Muthoot	1. Agreement dated April 4, 2009 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 3. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 4. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 5. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 6. Agreement dated March 1, 2010 between and our Company and George Jacob Muthoot for the lease of the Kulasekharam Branch, Tamil Nadu. 7. Agreement dated March 1, 2010 between our Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 8. Agreement dated April 4, 2009 between our Company and George Jacob Muthoot for lease of the Thycadu Branch, Kerala. 9. Agreement dated March 1, 2010 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala. 10. Agreement dated April 4, 2009 between George Jacob Muthoot and our Company for lease of zonal office, Vazhuthacad branch.

Name of Promoter	Nature of interest
	11. Agreement dated April 4, 2009 between George Jacob Muthoot and our Company for lease of the Vadayattukota branch. 12. Agreement dated April 4, 2009 between George Jacob Muthoot and our Company for lease of the Chalakunnu branch. 13. Agreement dated April 4, 2009 between George Jacob Muthoot and our Company for lease of the Kottayam zonal office
George Alexander Muthoot	1. Agreement dated April 4, 2009 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Hauz Khas Branch, Delhi. 2. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for the lease of Andheri Branch, Mumbai. 3. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Vashi Branch, Mumbai. 4. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Edapallykotta Branch. 5. Agreement dated April 4, 2009 between our Company and M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Kozhancherry Branch, Kerala. 6. Agreement dated March 1, 2010 between our Company and M.G George Muthoot, George Alexander Muthoot, George Jacob Muthoot, George Thomas Muthoot for the lease of the Karuganappally Branch, Kerala. 7. Agreement dated April 4, 2009 between our Company and George Alexander Muthoot for lease of the guest house of our Company in Mumbai. 8. Agreement dated March 1, 2010 between our Company and, M. G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot for lease of the Chavara Branch, Kerala.

Shareholding Pattern of our Promoters as on June 30, 2019

S. No.	Name of the Shareholder	Total No. of Equity Shares*	Percentage of shareholding(%) to the total share capital of our Company	No. of Shares pledged	Percentage of Shares pledged
1.	M.G. George Muthoot	46,551,632	11.6175	-	-
2.	George Thomas Muthoot	43,630,900	10.8886	-	-
3.	George Jacob Muthoot	43,630,900	10.8886	-	-
4.	George Alexander Muthoot	43,630,900	10.8886	-	-
Total		**177,444,332**	**44.2833**	-	-

**All Equity Shares held by the Promoters are in dematerialised form.*

Interest of our Promoters in property, land and construction

Except as stated in Annexure A titled "*Financial Information*" at page A-1 of this Tranche III Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of filing of this Tranche III Prospectus or any property 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.

Payment of benefits to our Promoters during the last two years

Except as stated in the section titled "*Our Promoters*" and Annexure A titled "*Financial Information*" at page 55 and A-1 of this Tranche III Prospectus and at page 133 and A-1 of the Shelf Prospectus, respectively, no amounts or benefits has been paid or given or intended to be paid or given to our Promoters within the two years preceding the date of filing of this Tranche III Prospectus. As on the date of this Tranche III Prospectus, except as stated in the section titled "*Our Management*" at page 115 of the Shelf Prospectus and page 46 of this Tranche III Prospectus, there is no bonus or profit sharing plan for our Promoters.

- **History and Main Objects**

Key events, milestones and achievements

Fiscal Year	Particulars
2018-2019	▪ Loan Assets portfolio crossed Rs. 342.00 billion. ▪ Net owned funds crossed Rs. 97.69 billion. ▪ Gross annual income touched Rs. 68.81 billion. ▪ Profit after tax for the year touched Rs 19.72 billion. ▪ Branch Network crossed 4400. ▪ Raised Rs. 37.09 billion through public issues of Series XVIII and Series XIX of secured non-convertible debentures ▪ Increased its stake in BIFPL to 70.01%. • Further increased stake in M/s. Asia Asset Finance PLC to 69.17%. ▪ Acquired Muthoot Money Limited as a wholly owned subsidiary entering into vehicle and equipment finance business. ▪ Incorporated 'Muthoot Asset Management Pvt Ltd' and 'Muthoot Trustee Pvt Ltd' as wholly owned subsidiaries

Further Investments in Subsidiaries

The Company subscribed to 2,51,13,179 additional equity shares of M/s. Asia Asset Finance Plc increasing its shareholding to 69.17% by infusing Rs. 10,04,52,716 during Q4 FY 2019.

The Company subscribed to 1,50,93,129 additional equity shares of M/s. Asia Asset Finance Plc increasing its shareholding to 72.92% by infusing Rs. 6,03,72,516 during Q1 FY 2020.

The Company subscribed to 4,90,00,000 additional equity shares of M/s Muthoot Asset Management Pvt Ltd by infusing Rs. 490.00 million during Q1 FY 2020.

The Company subscribed to 9,00,000 additional equity shares of M/s Muthoot Trustee Pvt Ltd by infusing Rs. 9.00 million during Q1 FY 2020.

- **Other matters**

Allotment of equity shares pursuant to exercise of Employee Stock Option

The Nomination and Remuneration Committee of the Board of Directors of the Company under the Muthoot ESOP allotted 45,080 and 32,955 equity shares of face value of Rs. 10 each on February 20, 2019 and March 23, 2019 respectively pursuant to exercise of Employees Stock Options by the Employees of the Company.

The Nomination and Remuneration Committee of the Board of Directors of the Company under the Muthoot ESOP allotted 41,080 and 30,505 equity shares of face value of Rs. 10 each on June 21, 2019 and August 24, 2019 respectively pursuant to exercise of Employees Stock Options by the Employees of the Company. As on date of this Tranche III Prospectus, the issued, subscribed and paid up share capital of the Company is Rs. 4,00,73,29,010.

Declaration of interim dividend

On April 05, 2019, the Board of Directors of the Company declared interim dividend for the financial year ending March 31, 2019 at the rate of ₹ 12 per equity share to all shareholders whose names appear: **(a)** as beneficial owners as per the list to be furnished by the Company's depositories in respect of the equity shares held in dematerialised form and **(b)** as members in the register of members of the Company in respect of equity shares held in physical form, as on the close of business hours April 13, 2019.

Financial Statements

The Company announced its unaudited financial results on February 06, 2019 for the quarter and nine months ended December 31, 2018.

On May 13, 2019, the Company has announced its audited financial statements (refer Annexure A of this Tranche III Prospectus) for the financial year ended March 31, 2019.

On August 12, 2019, the Company has announced its unaudited financial results (refer Annexure B of this Tranche III Prospectus) for the quarter ended June 30, 2019.

Amalgamation, acquisition, re-organisation or reconstruction undertaken by the Company in the last one year

Muthoot Finance Limited has acquired in the third quarter of FY 2018-19 M/s. Muthoot Money Ltd, a Non Deposit taking Non-Banking Financial Company (NBFC-ND) engaged in lending, primarily in vehicle finance business, by acquiring 5,625 equity shares of face value Rs. 1,000/- each at a price of Rs. 17,685/- per share aggregating to Rs. 99.48 million from existing shareholders, thus making it a wholly owned subsidiary. It also subscribed to 56,545 fresh equity shares of face value of Rs. 1,000/- each at Rs. 17,685/- per share aggregating to Rs. 999.99 million.

THE ISSUE

The following is a summary of the Tranche III Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled "*Terms of the Issue*" beginning on page 126 of this Tranche III Prospectus.

Common Terms of NCDs**

Issuer	Muthoot Finance Limited
Lead Managers	Edelweiss Financial Services Limited and A. K. Capital Services Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Type and nature of instrument	Secured redeemable non-convertible debentures of face value of ₹ 1,000 each
Base Issue	₹ 1,000 million
Option to retain Oversubscription Amount	₹ 9,000 million.
Tranche III Issue Size	₹ 10,000 million
Shelf Limit	₹ 40,000 million
Mode of Issue	Public Issue
Issue	Public issue by our Company of Secured NCDs of face value of ₹ 1,000 each, for an amount up to ₹ 40,000 million ("**Shelf Limit**"), hereinafter referred to as the "Issue". The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue (each a "**Tranche Issue**")
Face Value (in ₹ / NCD)	₹ 1,000
Issue Price (in ₹ / NCD)	₹ 1,000
Minimum application	₹ 10,000 (10 NCDs) (for all options of NCDs, namely Option I, Option II, Option III, Option IV, Option V, Option VI, Option VII, Option VIII, Option IX and Option X).
In multiples of	₹ 1,000.00 (1 NCD)
Seniority	Senior (to clarify, the claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of ours and shall rank pari passu inter se, present and future 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 *pari passu* charge on the identified immovable property and a first *pari passu* charge on current assets, book debts, loans and advances, and receivables including gold loan receivables, both present and future, of our Company.
Tranche III Issue	Public Issue by the Company of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("**NCDs**") for an amount of ₹ 1,000 million ("**Base Issue**") with an option to retain oversubscription up to ₹ 9,000 million aggregating upto 10,000,000 NCDs amounting to ₹ 10,000 million ("**Tranche III Issue Limit**") ("**Tranche III Issue**") which is within the shelf limit of ₹ 40,000 million and is being offered by way of this Tranche III Prospectus dated September 19, 2019 containing, inter alia, the terms and conditions of this Tranche III Issue ("**Tranche III Prospectus**"), which should be read together with the Shelf Prospectus dated February 05, 2019 ("**Shelf Prospectus**") filed with the Registrar of Companies, Kerala and Lakshadweep, the Stock Exchange and the SEBI.
Mode of Issue	Public Issue
Listing	BSE BSE shall be the Designated Stock Exchange for this Tranche III Issue. The NCDs are proposed to be listed within 6 Working Days from the respective Tranche III Issue Closing Date.
Lock-in	N.A.
Mode of Allotment and Trading	NCDs will be issued and traded compulsorily in dematerialised form.
Mode of settlement	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Trading Lot	One (1) NCD
Depositories	NSDL and CDSL
Security	Security for the purpose of this Tranche III Issue will be created in accordance with the terms of the Debenture Trust Deed. For further details please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Who can apply/ Eligible Investors	Please refer to the section titled "*Issue Procedure*" beginning on page 148 of this Tranche III Prospectus.
Credit Ratings	

Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated	Rating definition
ICRA	NCDs	"[ICRA] AA(Stable)"	December 31, 2018 and further revalidated by letters dated January 30, 2019, April 24, 2019 and August 28, 2019	Secured NCDs for ₹ 40,000.00 million rated "[ICRA] AA (Stable)"	Instruments with this rating are considered to have high degree of safety regarding

					timely servicing of financial obligations. Such instruments carry very low credit risk.
CRISIL	NCDs	"CRISIL AA/Stable"	January 18, 2019 and further revalidated by letters dated January 31, 2019, April 22, 2019 and September 03, 2019	Secured NCDs for ₹ 40,000.00 million rated "CRISIL AA/Stable"	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

	Please refer to pages 227 to 253 of this Tranche III Prospectus for rating letter and rationale for the above ratings. Please refer to the disclaimer clause of ICRA and CRISIL on page 38 under the chapter "*General Information*" of this Tranche III Prospectus.
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Record Date	The Record Date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Company to the Stock Exchanges, will be deemed as the Record Date.
Tranche III Issue Schedule*	The Tranche III Issue shall be open from September 27, 2019 to October 30, 2019 with an option to close earlier and/or extend upto a period as may be determined by the NCD Committee
Objects of the Issue	Please refer to the section titled "*Objects of the Issue*" on page 79 of this Tranche III Prospectus.
Details of the utilisation of Issue proceeds	Please refer to the section titled "*Objects of the Issue*" on page 79 of this Tranche III Prospectus.
Coupon rate, coupon payment date and redemption premium/discount	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Step up/ Step down interest rates	N.A.
Interest type	Fixed
Interest reset process	N.A.
Tenor	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Coupon payment frequency	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Redemption date	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Redemption Amount	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Day count convention	Actual/Actual
Working Days convention/Day count convention / Effect of holidays on payment	All days excluding the second and the fourth Saturday of every month, Sundays and a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Tranche III Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche III Issue Closing Date to the listing of the NCDs, Working Days shall be all trading days of stock exchanges excluding Sundays and bank holidays in Mumbai. Interest shall be computed on a 365 days-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. If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (the "**Effective Date**"). Interest or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the

	coupon/interest accrued on the NCDs until but excluding the date of such payment.
Tranche III Issue Opening Date	September 27, 2019
Tranche III Issue Closing Date	October 30, 2019
Default interest rate	In the event of any default in fulfillment of obligations by our Company under the Debenture Trust Deeds, the default interest rate payable to the applicant shall be as prescribed under the Debenture Trust Deeds.
Put/Call Option Date/Price	N.A.
Deemed Date of Allotment	The date on which the Board or the duly authorised committee of the Board constituted by resolution of the Board dated May 16, 2018 approves the Allotment of the NCDs for the Tranche III Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.
Transaction documents	Issue Agreement dated January 28, 2019 between our Company and the Lead Managers, the Registrar Agreement dated January 28, 2019 with the Registrar to the Issue, the Public Issue Account Agreement dated September 17, 2019 with the Public Issue Account Bank and the Refund Bank, the Lead Managers and the Registrar to the Issue, the Lead Broker Agreement dated September 17. 2019 with the Lead Brokers and Lead Managers, the Debenture Trustee Agreement dated January 28, 2019 executed between our Company and the Debenture Trustee and the Debenture Trust Deed to be executed between our Company and the Debenture Trusteefor creating the security over the Secured NCDs issued under the Tranche III Issue and to protect the interest of NCD Holders under the Tranche III Issue.
Conditions precedent and subsequent to the Tranche III Issue	The conditions precedent and subsequent to disbursement will be finalised upon execution of the Debenture Trust Deed.
Events of default	Please refer to the section titled "*Issue Structure-Events of default*" on pages 146 of this Tranche III Prospectus.
Cross Default	Please refer to the section titled "*Issue Structure-Events of default*" on pages 146 of this Tranche III Prospectus.
Roles and responsibilities of the Debenture Trustee	Please refer to the section titled "*Issue Structure-Trustees for the Secured NCD Holders*" on page 146 of this Tranche III Prospectus.
Governing law and jurisdiction	This Tranche III 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 Mumbai.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of NCDs in the 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 fulfill such request through the process of rematerialisation.

*The subscription list shall remain open for subscription on Working Days from 10 A.M. to 5 P.M., during the period indicated above, except that the Tranche III Issue may close on such earlier date or extended date as may be decided by the Board or the NCD Committee. In the event of such an early closure of or extension subscription list of the Tranche III Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Tranche III 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 BSE, on Working Days during the Tranche III Issue Period. On the Tranche III Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 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.

**Please refer to Schedule A for details pertaining to the cash flows of the Company in accordance with the SEBI circulars bearing numbers CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Please see pages 150, 148 and 166 of this Tranche III Prospectus under sections "*Issue Procedure – How to apply", "Issue Procedure – Who can apply*" and "*Issue Procedure – Basis of allotment*", respectively for details of category wise eligibility and allotment in the Tranche III Issue.

The specific terms of each instrument are set out below:

Terms and conditions in connection with Secured NCDs**** Options	I	II	III	IV	V	VI	VII	VIII	IX	X
Frequency of Interest Payment	**Monthly***	**Monthly***	**Monthly***	**Annually****	**Annually****	**Annually****	**NA**	**NA**	**NA**	**NA**
Who can apply	**All categories of investors (Category I, II ,III and IV)**									
Minimum Application	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)
In multiples of	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)
Face Value of NCDs (` / NCD)	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00
Issue Price (` / NCD)	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00
Tenor from Deemed Date of Allotment	24 months	38 months	60 months	24 months	38months	60 months	24 months	38 months	60 months	90 months
Coupon Rate	9.25%	9.50%	9.75%	9.50%	9.75%	10.00%	N.A	N.A	N.A	N.A
Effective Yield (Per annum)***	9.25%	9.50%	9.75%	9.50%	9.75%	10.00%	9.25%	9.50%	9.75%	9.67%
Mode of Payment	Through various options available									
Amount (` / NCD) on Maturity*	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,193.56	₹ 1,333.72	₹ 1,592.29	₹ 2,000.00
Maturity Date (From Deemed Date of Allotment)	24 months	38 months	60 months	24 months	38 months	60 months	24 months	38 months	60 months	90 months
Nature of indebtedness	**Secured redeemable non-convertible**									

* With respect to Options where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

** With respect to Options where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under annual Options will be made at the time of redemption of the NCDs.

*** *Subject to applicable tax deducted at source, if any*

**** Please refer to Schedule A 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 CIR/IMD/DF-1/122/2016 dated November 11, 2016.

***** On Options I, II and III, monthly interest payment is not assumed to be reinvested for the purpose of calculation of Effective Yield (per annum).

Our Company would allot the Option IV NCDs, as specified in this Tranche III Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant option of NCDs.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as of June 30, 2019 is set forth below:

		Amount in ₹
A	**Authorised share capital**	
	450,000,000 Equity Shares of ₹ 10.00 each	4,500,000,000.00
	5,000,000 Redeemable Preference Shares of ₹ 1,000.00 each	5,000,000,000.00
	TOTAL	9,500,000,000.00
B	**Issued, subscribed and paid-up share capital**	
	400,702,396 Equity Shares of ₹ 10.00 each	4,00,70,23,960.00
C	**Securities Premium Account**	14,89,79,86,083.12

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

Changes in the authorised capital of our Company as of June 30, 2019

Details of increase in authorised share capital since incorporation

S.No.	Particulars of increase	Date of Shareholders' meeting	AGM/EGM
1.	Increase in authorised share capital from ₹ 6,000,000.00 divided into 600,000 equity shares of ₹ 10.00 each to ₹ 26,000,000.00 divided into 2,600,000 equity shares of ₹ 10.00 each.	November 20, 2001	EGM
2.	Increase in authorised share capital from ₹ 26,000,000.00 divided into 2,600,000 equity shares of ₹ 10.00 each to ₹ 86,000,000.00 divided into 8,600,000 equity shares of ₹ 10.00 each.*	August 21, 2004	Court convened general meeting
3.	Increase in authorised share capital from ₹ 86,000,000.00 divided into 8,600,000 equity shares of ₹ 10.00 each to ₹ 500,000,000.00 divided into 50,000,000 equity shares of ₹ 10.00 each.	September 10, 2008	AGM
4.	Increase in authorised share capital from ₹ 500,000,000.00 divided into 50,000,000 equity shares of ₹ 10.00 each to ₹ 3,500,000,000.00 divided into 350,000,000 equity shares of ₹ 10.00 each.	August 24, 2009	EGM
5.	Increase in authorised share capital from ₹ 3,500,000,000.00 divided into 350,000,000 equity shares of ₹ 10.00 each to ₹ 4,500,000,000.00 divided into 450,000,000 equity shares of ₹ 10.00 each.	September 21, 2010	EGM
6.	Increase in authorised share capital from ₹ 4,500,000,000.00 divided into 450,000,000 equity shares of ₹ 10.00 each to ₹ 9,500,000,000.00 divided into 450,000,000 equity shares of ₹ 10.00 each and 5,000,000 redeemable preference shares of ₹ 1,000.00 each.	March 07, 2011	EGM

**This increase in authorised share capital was pursuant to the order of the High Court of Kerala, Ernakulam dated January 31, 2005 approving the scheme of arrangement and amalgamation of Muthoot Enterprises Private Limited with our Company. For further details regarding the scheme of arrangement and amalgamation, see "History and Main*

Objects" on page 110 of the Shelf Prospectus.

Notes to capital structure

1. ***Share capital history of the Company***

(a) Equity Share capital history of the Company as of June 30, 2019

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
March 14, 1997	4,000	10.00	10.00	Cash	Subscription to the Memorandum(1)	4,000	40,000.00	-
March 30, 1998	250,000	10.00	10.00	Cash	Preferential Allotment(2)	254,000	2,540,000.00	-
March 06, 2002	1,750,000	10.00	30.00	Cash	Preferential Allotment(3)	2,004,000	20,040,000.00	35,000,000.00
March 21, 2005	1,993,230	10.00	-	Consideration other than cash, pursuant to scheme of amalgamation	Allotment pursuant to scheme of amalgamation.(4)	3,997,230	39,972,300.00	35,000,000.00
October 31, 2006	1,000,000	10.00	250.00	Cash	Preferential Allotment(5)	4,997,230	49,972,300.00	275,000,000.00
February 27, 2007	2,770	10.00	10.00	Cash	Preferential Allotment(6)	5,000,000	50,000,000.00	275,000,000.00
July 31, 2008	1,000,000	10.00	250.00	Cash	Preferential Allotment(7)	6,000,000	60,000,000.00	515,000,000.00
October 21, 2008	42,000,000	10.00	-	N.A.	Bonus issue in the ratio 7:1(8)	48,000,000	480,000,000.00	515,000,000.00
December 31, 2008	1,000,000	10.00	250.00	Cash	Preferential Allotment(9)	49,000,000	490,000,000.00	755,000,000.00
August 29, 2009	252,000,000	10.00	-	N.A.	Bonus issue in the ratio 36:7(10)	301,000,000	3,010,000,000.00	0
July 23, 2010	6,404,256	10.00	123.00	Cash	Preferential allotment to Matrix Partners India Investments,	307,404,256	3,074,042,560.00	723,680,928.00

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
					LLC pursuant to the Matrix Investment Agreement.			
July 23, 2010	6,404,256	10.00	123.00	Cash	Preferential allotment to Baring India Private Equity Fund III Limited pursuant to the Baring Investment Agreement	313,808,512	3,138,085,120.00	1,447,361,856.00
September 08, 2010	3,042,022	10.00	133.00	Cash	Preferential allotment to Kotak India Private Equity Fund pursuant to the Kotak Investment Agreement.	316,850,534	3,168,505,340.00	1,821,530,562.00
September 08, 2010	160,106	10.00	133.00	Cash	Preferential allotment to Kotak Investment Advisors Limited pursuant to the Kotak Investment Agreement.	317,010,640	3,170,106,400.00	1,841,223,600.00
September 23, 2010	1,440,922	10.00	173.50	Cash	Preferential allotment to Matrix Partners India Investments, LLC pursuant to the Matrix Investment	318,451,562	3,184,515,620.00	2,076,814,380.00

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
					Agreement.			
September 23, 2010	1,761,206	10.00	173.50	Cash	Preferential allotment to The Wellcome Trust Limited (as trustee of The Wellcome Trust, United Kingdom) pursuant to the Wellcome Investment Agreement.	320,212,768	3,202,127,680.00	2,364,771,561.00
May 03, 2011	51,500,000	10.00	175.00	Cash	Allotment pursuant to initial public offering	371,712,768	3,717,127,680.00	10,862,271,561.00
April 29, 2014	25,351,062	10.00	165.00	Cash	Allotment pursuant to Institutional Placement Programme	397,063,830	3,970,638,300.00	14,500,195,725.00
January 06, 2015	1,63,400	10.00	50.00	Cash	Allotment pursuant to ESOP Scheme	397.227.230	3,972,272,300.00	14,471,966,693.96
January 06, 2015	4,85,181	10.00	10.00	Cash	Allotment pursuant to ESOP Scheme	397,712,411	3,977,124,110.00	14,524,026,615.26
March 06, 2015	1,68,960	10.00	10.00	Cash	Allotment pursuant to ESOP Scheme	397,881,371	3,978,813,710.00	14,542,156,023.26
March 06,2015	85,048	10.00	50.00	Cash	Allotment pursuant to ESOP Scheme	397,966,419	3,979,664,190.00	14,551,281,673.66
June 04, 2015	21,641	10.00	10.00	Cash	Allotment pursuant to ESOP Scheme	397,988,060	3,979,880,600.00	14,553,603,752.96
June 04, 2015	11,900	10.00	50.00	Cash	Allotment pursuant to	397,999,960	3,979,999,600.00	14,554,880,622.96

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
					ESOP Scheme			
September 15, 2015	9,394	10	10.00	Cash	Allotment pursuant to ESOP Scheme	398,009,354	3,980,093,540.00	14,556,020,991.1
September 15, 2015	34,642	10	50.00	Cash	Allotment pursuant to ESOP Scheme	398,043,996	3,980,439,960.00	14,561,724,761.76
March 16, 2016	6,02,106	10	10.00	Cash	Allotment pursuant to ESOP Scheme	39,86,46,102	3,98,64,61,020.00	14,626,198,343.56
March 16, 2016	356,230	10	50.00	Cash	Allotment pursuant to ESOP Scheme	39,90,02,332	3,99,00,23,320.00	14,665,742,013.56
June 27, 2016	23,782	10	10.00	Cash	Allotment pursuant to ESOP Scheme	39,90,26,114	3,99,02,61,140.00	14,668,297,172.16
June 27, 2016	24,820	10	50.00	Cash	Allotment pursuant to ESOP Scheme	39,90,50,934	3,99,05,09,340.00	14,670,994,528.16
December 21, 2016	12,525	10	10.00	Cash	Allotment pursuant to ESOP Scheme	39,90,63,459	3,99,06,34,590.00	14,672,469,914.66
December 21, 2016	392,280	10	50.00	Cash	Allotment pursuant to ESOP Scheme	39,94,55,739	3,99,45,57,390.00	14,717,877,388.66
March 23, 2017	19,810	10	50	Cash	Allotment pursuant to ESOP Scheme	399,475,549	3,994,755,490.00	14,721,810,886.66
May 09, 2017	3,512	10	10	Cash	Allotment pursuant to ESOP Scheme	399,479,061	3,994,790,610.00	14,72,21,70,618.27
May 09, 2017	57,235	10	50	Cash	Allotment pursuant to ESOP Scheme	399,536,296	3,995,362,960.00	14,73,14,90,439.47
August 07, 2017	4,113	10	10	Cash	Allotment pursuant to ESOP Scheme	399,540,409	3,995,404,090.00	14,73,22,60,652.08
August 07, 2017	26,280	10	50	Cash	Allotment pursuant to	399,566,689	3,995,666,890.00	14,73,70,68,218.87

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
					ESOP Scheme			
December 11, 2017	2,575	10	10	Cash	Allotment pursuant to ESOP Scheme	399,569,264	3,995,692,640.00	14,73,74,30,738.24
December 11, 2017	344,650	10	50	Cash	Allotment pursuant to ESOP Scheme	399,913,914	3,999,139,140.00	14,78,00,35,375.64
March 29, 2018	3,225	10	10	Cash	Allotment pursuant to ESOP Scheme	399,917,139	3,999,171,390.00	14,78,03,58,544.64
March 29, 2018	124,100	10	50	Cash	Allotment pursuant to ESOP Scheme	400,041,239	4,000,412,390.00	14,79,70,41,885.56
May 15, 2018	1,925	10	10	Cash	Allotment pursuant to ESOP Scheme	400,043,164	4,000,431,640.00	14,79,72,35,012.87
May 15, 2018	48,280	10	50	Cash	Allotment pursuant to ESOP Scheme	400,091,444	4,000,914,440.00	14,80,66,55,856.87
September 19, 2018	3,237	10	10	Cash	Allotment pursuant to ESOP Scheme	400,094,681	4,000,946,810.00	14,80,74,55,069.06
September 19, 2018	117,090	10	50	Cash	Allotment pursuant to ESOP Scheme	400,211,771	4,002,117,710.00	14,83,37,32,460.56
December 18, 2018	2,125	10	10	Cash	Allotment pursuant to ESOP Scheme	400,213,896	4,002,138,960.00	14,83,39,98,282.12
December 18, 2018	369,385	10	50	Cash	Allotment pursuant to ESOP Scheme	400,583,281	4,005,832,810.00	14,87,84,45,960.17
February 20, 2019	45,080	10	50	Cash	Allotment pursuant to ESOP Scheme	400,628,361	4,006,283,610.00	14,88,41,99,305.82
March 23, 2019	32,955	10	50	Cash	Allotment pursuant to ESOP Scheme	400,661,316	4,006,613,160.00	14,89,04,08,705.22
June 21, 2019	41,080	10	50	Cash	Allotment pursuant to	400,702,396	4,007,023,960.00	14,89,79,86,083.12

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up share capital (₹)	Cumulative share premium (₹)
					ESOP Scheme			

1. *At the time of incorporation, upon subscription to the Memorandum, allotment of 1,000 Equity Shares to each of M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot.*

2. *Allotment of 62,500 Equity Shares to each of M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot.*

3. *Allotment of Equity Shares to M.G. George Muthoot (200, 000), George Thomas Muthoot (200,000), George Jacob Muthoot (200,000), George Alexander Muthoot (250,000), Georgie Kurien (150,000), Valsa Kurien (150,000), Sara George (150,000), Susan Thomas (150,000), Elizabeth Jacob (150,000), and Anna Alexander (150,000).*

4. *Allotment of Equity Shares to M.G George Muthoot (684,700), George Thomas Muthoot (234,366), George Alexander Muthoot (587, 866), Susan Thomas (58,733), George Jacob Muthoot (340,900), Elizabeth Jacob (38,133), Anna Alexander (48,433), Paul M. George (33), George M. George (33) and George M. Alexander (33) pursuant to order of the High Court of Kerala, Ernakulam dated January 31, 2005 approving the scheme of arrangement and amalgamation of Muthoot Enterprises Private Limited with the Company whereby every shareholder of Muthoot Enterprises Private Limited is entitled to shares of the Company in the ratio of 3:1. For further details regarding the scheme of arrangement and amalgamation, see "History and Main Objects" on page 110 of the Shelf Prospectus.*

5. *Allotment of Equity Shares to M.G. George Muthoot (228,700), George Alexander Muthoot (228,700), George Thomas Muthoot (228,700), George Jacob Muthoot (228,700), Anna Alexander (30,000), Georgie Kurien (2,400), Sara George (4,800), Susan Thomas (4,800), Elizabeth Jacob (30,000), George M. George (10,000), Paul M. George (800), Alexander M. George (800), George M. Jacob (800) and George M. Alexander (800).*

6. *Allotment of Equity Shares to George Alexander Muthoot.*

7. *Allotment of Equity Shares to M.G. George Muthoot (120,000), George Alexander Muthoot (120,000), George Thomas Muthoot (120,000), George Jacob Muthoot (120,000), Anna Alexander (52,000), Sara George (52,000), Susan Thomas (52,000), Elizabeth Jacob (52,000), George M. George (52,000), Paul M George (52,000), Alexander M. George (52,000), George M. Jacob (52,000), George M. Alexander (52,000) and Eapen Alexander (52,000).*

8. *Allotment of Equity Shares to M.G. George Muthoot (10,828,300), George Alexander Muthoot (10,519,852), George Thomas Muthoot (4,525,962), George Jacob Muthoot (5,264,700), Anna Alexander (1,963,031), Sara George (1,447,600), Susan Thomas (1,508,731), Elizabeth Jacob (1,540,931), George M. George (434,931), Paul M. George (370,531), Alexander M. George (370,300), George M. Jacob (370,300), George M. Alexander (370,531), Eapen Alexander (365,400), Susan Kurien (700), Reshma Susan Jacob (700), Anna Thomas (700), Valsa Kurien (1,050,000) and Georgie Kurien (1,066,800).*

9. *Allotment of Equity Shares to M.G. George Muthoot (120,000), George Alexander Muthoot (120,000), George Thomas Muthoot (120,000), George Jacob Muthoot (120,000), Anna Alexander (52,000), Sara George (52,000), Susan Thomas (52,000), Elizabeth Jacob (52,000), George M. George (52,000), Paul M George (52,000), Alexander M. George (52,000), George M. Jacob (52,000), George M. Alexander (52,000) and Eapen Alexander (52,000).*

10. *Allotment of Equity Shares to M.G. George Muthoot (37,800,000), George Alexander Muthoot (37,800,000), George Thomas Muthoot (37,800,000), George Jacob Muthoot (37,800,000), Anna Alexander (12,600,000), Sara George (11,414,736), Susan Thomas (25, 200,000), Elizabeth Jacob (12,600,000), George M. George (5,670,000), Paul M. George (2,445,264), Alexander M. George (5,670,000), George M. Jacob (12,600,000), George M. Alexander (6,300,000), Eapen Alexander (6,300,000).*

11. *Equity Shares issued for consideration other than cash*

Date of allotment	No. of Equity Shares	Issue price (₹)	Reasons for allotment	Benefits accruing to the Company
March 21, 2005	1, 993, 230	-	Pursuant to scheme of amalgamation[(1)]	Allotment pursuant to scheme of amalgamation.
TOTAL	1, 993, 230			

12. *Cumulative share premium have been adjusted for impact of IND-AS implementation for allotments from April 01, 2017.*

The Company has not issued any equity shares for consideration other than cash in the two financial years immediately preceding the date of this Tranche III Prospectus.

Share holding pattern of our Company as on June 30, 2019

Summary Statement Holding of Equity Shareholders

Category	Category & Name of shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
						No. (a)	As a % of total Shares held(b)	
A	**Shareholding pattern of the Promoter and Promoter Group**							
1	**Indian**							
(a)	Individuals / Hindu Undivided Family	13	294,463,872	294,463,872	73.4869	0	0.0000	294,463,872
(b)	Central Government / State Government(s)	0	0	0	0.0000	0	0.0000	0
(c)	Financial Institutions / Banks	0	0	0	0.0000	0	0.0000	0
(d)	Any Other (Specify)	0	0	0	0.0000	0	0.0000	0
	Sub Total (A)(1)	**13**	**294,463,872**	**294,463,872**	**73.4869**	**0**	**0.0000**	**294,463,872**
2	**Foreign**							
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.0000	0	0.0000	0
(b)	Government	0	0	0	0.0000	0	0.0000	0
(c)	Institutions	0	0	0	0.0000	0	0.0000	0
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0.0000	0
(e)	Any Other (Specify)	0	0	0	0.0000	0	0.0000	0
	Sub Total (A)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0.0000**	**0**
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)	**13**	**294,463,872**	**294,463,872**	**73.4869**	**0**	**0.0000**	**294,463,872**

B	**Public shareholder**							
1	**Institutions**							
(a)	Mutual Fund	22	30,893,909	30,893,909	7.7099	NA	NA	30,893,909
(b)	Venture Capital Funds	0	0	0	0.0000	NA	NA	0
(c)	Alternate Investment Funds	15	2,523,398	2,523,398	0.6297	NA	NA	2,523,398
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	NA	NA	0
(e)	Foreign Portfolio Investor	278	55,678,336	55,678,336	13.8952	NA	NA	55,678,336
(f)	Financial Institutions / Banks	2	67,949	67,949	0.0170	NA	NA	67,949
(g)	Insurance Companies	0	0	0	0.0000	NA	NA	0
(h)	Provident Funds/ Pension Funds	0	0	0	0.0000	NA	NA	0
(i)	Any Other (Specify)	0	0	0	0.0000	NA	NA	0
	Sub Total (B)(1)	**317**	**89,163,592**	**89,163,592**	**22.2518**	**NA**	**NA**	**89,163,592**
2	**Central Government/ State Government(s)/ President of India**							
	Central Government / State Government(s)	0	0	0	0.00	NA	NA	0
	Sub Total (B)(2)	**0**	**0**	**0**	**0.00**	**NA**	**NA**	**0**
3	**Non-Institutions**							
(a)	Individuals		0			NA	NA	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	45,879	8,037,220	8,037,220	2.0058	NA	NA	8,037,078
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	39	4,910,178	4,910,178	1.2254	NA	NA	4,910,178
(b)	NBFCs registered with RBI	6	7,162	7,162	0.0018	NA	NA	7,162
	Trust Employee	0	0	0	0.0000	NA	NA	0

(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	NA	NA	0
(e)	Any Other (Specify)	3,064	4,120,372	4,120,372	1.0283	NA	NA	4,120,372
	Trusts	6	19649	19649	0.0049	NA	NA	19649
	Foreign Nationals	1	2,019	2,019	0.0005	NA	NA	2,019
	Hindu Undivided Family	1,137	219,658	219,658	0.0548	NA	NA	219,658
	Non Resident Indians (Non Repat)	462	279,408	279,408	0.0697	NA	NA	279,408
	Non Resident Indians (Repat)	773	318,125	318,125	0.0794	NA	NA	318,125
	Clearing Member	158	495,665	495,665	0.1237	NA	NA	495,665
	Bodies Corporate	527	2,785,848	2,785,848	0.6952	NA	NA	2,785,848
	Sub Total (B)(3)	**48,988**	**17,074,932**	**17,074,932**	**4.2613**	**NA**	**NA**	**17,074,790**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**49,305**	**106,238,524**	**106,238,524**	**26.5131**	**NA**	**NA**	**106,238,382**
C	**Total Non-Promoter-Non Public Shareholding**							
1	**Custodian/DR Holder**	0	0	0	0.0000	0	0.0000	0
2	**Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)**	0	0	0	0.0000	0	0.0000	0
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0.0000	0	0.0000	0
	Total	**49,318**	**400,702,396**	**400,702,396**	**100**	**0**	**0.0000**	**400,702,254**

2. ***Our top ten shareholders and the number of Equity Shares held by them as on June 30, 2019 is as follows:***

S. No.	Name	No. of Equity Shares (face value of ₹ 10 each)	No. of Equity Shares in demat form	As % of total number of shares
1.	M G George Muthoot	46,551,632	46,551,632	11.6175%
2.	George Alexander Muthoot	43,630,900	43,630,900	10.8886%
3.	George Jacob Muthoot	43,630,900	43,630,900	10.8886%
4.	George Thomas Muthoot	43,630,900	43,630,900	10.8886 %
5.	Susan Thomas	29,985,068	29,985,068	7.4831%
6.	George M Jacob	15,050,000	15,050,000	3.7559%
7.	Elizabeth Jacob	14,935,068	14,935,068	3.7272%
8.	Anna Alexander	14,935,068	14,935,068	3.7272%
9.	Sara George	13,519,336	13,519,336	3.3739%
10.	Eapen Alexander	7,525,000	7,525,000	1.8780%
	TOTAL	**273,393,872**	**273,393,872**	**68.2286%**

3. ***The list of top ten debenture holders* as on September 06, 2019 is as follows:***

S. No.	Name of holder	Aggregate amount (in ₹ million)
1.	ICICI Prudential Mutual Fund	13,550.00
2.	SBI Mutual Fund	8,514.73
3.	Reliance Capital Trustee Co Ltd	6190.60
4.	HDFC Trustee Company Ltd	5415.00
5.	Kotak Mahindra Trustee Co.Ltd	4796.00
6.	Aditya Birla Sun Life Trustee Private Limited	3250.00
7.	DSP Credit Risk Fund	2250.00
8.	Indian Oil Corporation Ltd (Refineries Division) Employees Provident Fund	1402.00
9.	Army Group Insurance Fund	1200.00
10.	Axis Mutual Fund Trustee Limited	1150.00

*on cumulative basis

4. ***Debt to equity ratio - Consolidated***

The debt to equity ratio prior to this Issue is based on a total outstanding debt of ₹ 315,310.02 million and Equity amounting to ₹ 99,074.74 million as on June 30, 2019. The debt equity ratio post the Issue, (assuming subscription of NCDs aggregating to ₹ 10,000.00 million) would be 3.28 times, based on a total outstanding debt of ₹ 325,310.02 million and Equity of ₹ 99,074.74 million as on June 30, 2019.

(in ₹ million)

Particulars	Prior to the Issue (as of June 30, 2019)	Post the Issue#
Debt Securities	87,215.56	97,215.56*
Borrowings (other than debt securities)	221,107.79	221,107.79
Deposits	2,409.81	2,409.81
Subordinated Liabilities	4,576.86	4,576.86
Total Debt	**315,310.02**	**325,310.02**
Equity		
- Equity Share Capital	4,007.02	4,007.02
- Other Equity	95,067.72	95,067.72

Particulars	Prior to the Issue (as of June 30, 2019)	Post the Issue#
Total Equity	**99,074.74**	**99,074.74**
Debt Equity Ratio (No. of Times)#	3.18	3.28

The debt-equity ratio post the Issue is indicative and is on account of total outstanding debt and equity as on June 30, 2019 and an assumed inflow of ₹ 10,000.00 million from the issue as mentioned in this Tranche III prospectus and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

* Issue amount of ₹ 10,000.00 million is classified under Debt Securities.

Debt to equity ratio - Standalone

The debt to equity ratio prior to this Issue is based on a total outstanding debt of ₹ 2,80,689.58 million and Equity amounting to ₹ 97,431.65 million as on June 30, 2019. The debt equity ratio post the Issue, (assuming subscription of NCDs aggregating to ₹ 10,000.00 million) would be 2.98 times, based on a total outstanding debt of ₹ 2,90,689.58 million and Equity of ₹ 97,431.65 million as on June 30, 2019.

(in ₹million)

Particulars	Prior to the Issue (as of June 30, 2019)	Post the Issue#
Debt Securities	82,786.10	92,786.10*
Borrowings (other than debt securities)	193,922.55	193,922.55
Subordinated Liabilities	3,980.94	3,980.94
Total Debt	**280,689.58**	**290,689.58**
Equity		
- Equity Share Capital	4,007.02	4,007.02
- Other Equity	93,424.62	93,424.62
Total Shareholders' Funds	**97,431.65**	**97,431.65**
Debt Equity Ratio (No. of Times)#	2.88	2.98

The debt-equity ratio post the Issue is indicative and is on account of total outstanding debt and equity as on June 30, 2019 and an assumed inflow of ₹ 10,000.00 million from the issue as mentioned in this Tranche III Prospectus and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

* Issue amount of ₹ 10,000.00 million is classified under Debt Securities.

For details on the total outstanding debt of our Company, please refer to the section titled "*Disclosures on Existing Financial Indebtedness*" beginning on page 114 of this Tranche III Prospectus.

5. The aggregate number of securities of the Company that have been purchased or sold by the Promoter Group, Directors of the Company and their relatives within 6 months immediately preceding the date of this Tranche III Prospectus is as below:

Particulars	No of securities	Amount (in ₹ million)
By Promoter Group- Number of non-convertible debentures purchased	2,000,260	2,000.26
By Relatives--Number of non-convertible debentures purchased	2,700	2.7
By Relatives--Number of non-convertible debentures sold	300	0.33

It is clarified that no other securities including shares of the Company were either purchased or sold by the Promoter Group, Directors of the Company and their relatives within 6 months immediately preceding the date of this Tranche III Prospectus.

6. We confirm that no securities of our Subsidiary that have been purchased or sold by the Promoter Group, Directors of the Company and their relatives within 6 months immediately preceding the date of this Tranche III Prospectus.

7. ***ESOP Scheme***

The shareholders' of the Company in their meeting dated September 27, 2013 have given their approval for issuance of employee stock options. Pursuant to the aforesaid approval, the Board (which includes duly authorised committee by the Board) has approved the 'Muthoot ESOP 2013' scheme. The Company has obtained in principal approval of the stock exchanges where the share capital of the Company is listed i.e. BSE and NSE for listing upto 11,151,383 equity shares of face value of Rs. 10/- each on exercise of the employee stock options by the eligible employees from time to time who are in receipt of grants made by the Board.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Tranche III Issue, after deducting the Tranche III Issue related expenses to the extent payable by our Company ("**Net Proceeds**"), towards funding the objects listed below (collectively, referred to herein as the "**Objects**"):

Tranche III Issue proceeds

The details of the proceeds of the Tranche III Issue are summarized below:

Particulars	Estimated amount (in ₹ million)
Gross proceeds to be raised through the Tranche III Issue	10,000
Less: - Tranche III Issue related expenses	100
Net proceeds of the Tranche III Issue after deducting the Tranche III Issue related expenses.	9,900

The Net Proceeds raised through this Tranche III Issue will be utilised for following objects in the ratio provided as below:

a) For the purpose of lending- 75% of the amount raised and allotted in the Tranche III Issue

b) For General Corporate Purposes- 25% of the amount raised and allotted in the Tranche III Issue

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 Tranche III Issue.

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 Tranche III Issue.

Issue Related Expenses

The expenses for the Tranche III Issue include, inter alia, lead management fees and selling commission to the lead managers, 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 Tranche III Issue expenses and listing fees will be paid by our Company.

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

(₹ in million)

Activity	Expenses
Fees to intermediaries (Lead Management Fee, brokerage, rating agency, registrar, legal advisors, Debenture Trustees etc.)	75
Advertising and Marketing Expenses	15
Printing and Stationery	10
Total	100

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

Purpose for which there is a requirement of funds

As stated in this section.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

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 Tranche III Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2018, the utilisation of the proceeds of the Tranche III Issue under a separate head along with details, if any, in relation to all such proceeds of the Tranche III Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Tranche III Issue.

Interim use of proceeds

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Tranche III Issue. Pending utilisation of the proceeds out of the Tranche III Issue for the purposes described above, the 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 / Committee of Directors of the Company, as the case may be. Such investment would be in accordance with the investment policy of our Company approved by the Board or any committee thereof from time to time and the same shall be disclosed in the balance sheet as per provisions of the Companies Act, 2013.

Other confirmations

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

The Tranche III 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.

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

No part of the proceeds from this Tranche III Issue will be utilized for buying, trading or otherwise dealing in equity shares of any other listed company.

Further the Company undertakes that the Tranche III 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 including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

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

Utilisation of the proceeds of the Tranche III Issue

(a) All monies received out of the Tranche III Issue shall be credited/ transferred to a separate bank account as referred to in Section 40 of the Companies Act, 2013.

(b) Details of all monies utilised out of the Tranche III Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised.

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

(d) 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) We shall utilize the Tranche III Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Tranche III Prospectus, creation of security as stated in this Tranche III Prospectus, receipt of the listing and trading approval from the Stock Exchange and on receipt of the minimum subscription of 75% of the Base Issue, i.e. ₹ 750 million.

(f) The Tranche III 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.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,

The Board of Directors
Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi 682 018
Kerala, India

Dear Sir(s),

We hereby report that the enclosed statement in **Annexure A**, states the possible tax benefits available to the debenture holders of Muthoot Finance Limited (the Company) pursuant to the issue under the Income Tax Act, 1961 (as amended by the Finance Act 2019) presently in force in India.

Several of these tax benefits/consequences 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 fulfilment of such conditions based on business imperatives it faces in the future it may or may not choose to fulfil.

The preparation of the contents in the enclosed annexure is the responsibility of the Company's management. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. We are informed that the enclosed annexure 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 tax consequences and changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our views are based on the existing provisions of tax law and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

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

The enclosed annexure is intended solely for your information and for inclusion in the Tranche III Prospectus in connection with the proposed issue of non-convertible debentures and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Varma & Varma
(FRN: 004532S)

(Sd)
Vijay Narayan Govind
Partner
Membership No.: 203094

Place : Kochi
Date : September 04, 2019
UDIN: 19203094AAAAAT9177

ANNEXURE A

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

The following tax benefits will be available to the debenture holders as per the existing provisions of law. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Debenture Holder is advised to consider the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')

I. To the Resident Debenture Holder

1. Interest on NCD received by 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 and tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the I.T. Act at the rates prescribed therein being 10%. However, no income tax is deductible at source in respect of the following:

   a) In case the payment of interest on debentures by the Company in which the public are substantially interested to a resident individual or a Hindu Undivided Family ('HUF') Debenture Holder does not or is not likely to exceed Rs 5,000 in the aggregate during the Financial year and the interest is paid by an account payee cheque.

   b) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.

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

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

      To illustrate, as on April 01, 2019:
      - the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs 2,50,000
      - in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs 3,00,000; and
      - in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs 5,00,000 for Financial Year 2019-20.

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

iii. In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess

3. As per Section 2(29A) of the IT Act, 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.

   However as per the third proviso to Section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of Section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds issued by the Government and the Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015. Thus, long term capital gains arising out of debentures would be subject to tax at the rate of 10 % computed without indexation.

   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.

4. 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 as above would also apply to such short term capital gains.

5. In case the debentures are held as stock in trade, by the Debenture holder the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income, as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

6. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

II. To the Non Resident Debenture Holder.

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 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.

   b) 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.

c) 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.

d) As per Section 115H of the I.T. Act, where a non-resident Indian becomes a 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 115I 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**,** and 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.

4. Section 194LC in the I.T. Act provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to a non resident, not being a company or to a Foreign company in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond of an Indian company before July 01, 2020 provided such rate does not exceed the rate as may be notified by the Government. In addition to that, applicable surcharge and cess will also be deducted.

5. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be setoff against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

6. 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. 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 where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 50,00,000 and does not exceed Rs 1,00,00,000; at the rate of 15 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 1,00,00,000 and does not exceed Rs 2,00,00,000; at the rate of 25 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 2,00,00,000 and does not exceed Rs 5,00,00,000 and at the rate of 37 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 5,00,00,000

b) In case of foreign companies, where the income paid or likely to be paid exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds Rs. 10,00,00,000, surcharge at 5% of such tax is payable.

c) Further, 4% health and education cess on the total income tax (including surcharge) is also deductible.

7. 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 tax residency certificate does not contain the prescribed particulars as per CBDT Notification 57/2013 dated August 1, 2013, a self-declaration in Form 10F would need to be provided by the assesse along with TRC

8. 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 195(2) and 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of Section 206AA of the I.T. Act.

9. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising there from are generally treated as capital gains or business income, as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

III. To the Foreign Institutional Investors (FIIs)

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs/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 FIIs as capital gains.

2. In accordance with and subject to the provisions of Section 115AD of the I.T. Act, long term capital gains exceeding Rs 1 lakh on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of Section 48 of the I.T. Act will not apply.

3. Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess) in accordance with and subject to the provisions of Section 115AD.

4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 01, 2013 and July 01, 2020 provided such rate does not exceed the rate as may be notified by the Government. In addition to that, applicable surcharge and cess will also be deducted.

5. In accordance with and subject to the provisions of Section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.

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

IV. To Mutual Funds

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

V. General Anti-Avoidance Rule ('GAAR)

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

VI. Exemption under Section 54F of the I.T. Act

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

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

1. Sec**.139A(5A)**

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

2. Sec.206AA:

(a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which attracts 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.

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

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

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

VIII. Taxability of Gifts received for nil or inadequate consideration

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

(i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

(ii) 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 computed in the manner prescribed by law 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 on section 56(2)(x) of the I.T. Act.

Notes forming part of statement of tax benefits

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

2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2020-21 (considering the amendments made by Finance Act, 2019).

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

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

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

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

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

9. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A/195 of the I.T. Act

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

SECTION IV: ABOUT THE ISSUER AND INDUSTRY OVERVIEW

OUR BUSINESS

Overview

We are the largest gold loan NBFC in India in terms of loan portfolio. According to the IMaCS Research & Analytics Industry Report, Gold Loans Market in India, 2018 ("**IMaCS Industry Report 2018**"), we were ranked the largest gold loan company in India in terms of loan portfolio as of March 31, 2018. We provide personal loans and business loans secured by gold jewelry, or Gold Loans, primarily to individuals who possess gold jewelry but are not able to access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. According to the IMaCS Industry Report 2018, as of March 31, 2018 our branch network was the largest among gold loan NBFCs in India. Our Gold Loan portfolio as of June 30, 2019 comprised approximately 8.24 million loan accounts in India that we serviced through 4,502 branches across 23 states, the national capital territory of Delhi and five union territories in India. As of June 30, 2019 we employed 24,644 persons in our operations.

We are a "Systemically Important Non-Deposit Taking NBFC" (NBFC-ND-SI) headquartered in the south Indian state of Kerala. Our operating history has evolved over a period of 80 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887. Since our formation, we have broadened the scale and geographic scope of our gold loan operations so that, as of March 31, 2012, we were India's largest provider of Gold Loans. For the years ended March 31, 2015, 2016 ,2017, 2018 and 2019, revenues from our gold loan business constituted 98.19%, 98.49% ,97.95% ,97.64% and 97.32% respectively of our total income. In addition to our Gold Loans business, we provide money transfer services through our branches as sub-agents of various registered money transfer agencies and also provide collection agency services. We also operate three windmills in the state of Tamil Nadu. In February, 2014, we entered the business of providing cash withdrawal services through white label ATMs to customers using cards issued to them by commercial banks and as of June 30, 2019 we operate 221 ATMs spread across 17 states. We have started providing unsecured loans to salaried individuals and loans to traders and self employed. We also provide micro-finance, housing finance, vehicle and equipment finance and insurance broking services through our subsidiaries. We believe that these services will enable us to improve our visibility, profitability as well as increase customer presence in our branches.

Historically, we raised capital by issuing secured non-convertible debentures called "Muthoot Gold Bonds" on a private placement basis. Proceeds from our issuance of Muthoot Gold Bonds formed a significant source of funds for our gold loan business. The RBI through its circular RBI/2012-13/560 DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013 and RBI/2013-14/115 DNBS(PD) CC No.349/03.10.001/2013-14 dated July 02, 2013 issued various guidelines with respect to raising money through private placements by NBFCs in the form of non-convertible debentures. These guidelines include restrictions on the number of investors in an issue to 49 investors, minimum subscription amounts ₹ 2.5 million per investor and prohibition on providing loan against own debentures. This has resulted in limiting our ability to raise capital by making private placements of debentures in India. Since the change in regulations in July, 2013, we have raised ₹ 121,620.78 million in debentures issued under the public issue route. We are focusing our efforts on ensuring that upon maturity existing private placement debenture holders subscribe to debentures we issue through the public issue route. As of June 30, 2019, 0.11million high net-worth and retail individuals had invested in our secured and unsecured debentures (subordinated debt).

We also rely on bank loans and subordinated debt instruments as our sources of funds. As of March 31, 2019, we had 5,237.61 million in outstanding Muthoot Gold Bonds and ₹ 263,733.27 million in other borrowings. We also raise capital by issuing commercial paper and listed and credit rated non-convertible debentures under private placement mode or through public issues to various institutional corporate, high net worth and retail investors.

Our customers are typically small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewelry with us rather than by taking loans from banks and other financial institutions. We provide retail loan products, primarily comprising Gold Loans. Our Gold Loans have a maximum 12 month term. Our average disbursed gold loan amount outstanding was ₹ 41,658 per loan account as of March 31, 2019. For the year ended March 31, 2019 our loan portfolio earned, on an average, interest of 1.80% per month, or 21.63% per annum.

The RBI amended the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("**RBI Prudential Norms Directions 2007**") in March 2012 making it compulsory for NBFCs to maintain a loan to value ratio not exceeding 60.00% for loans granted against the collateral of gold jewelry and to disclose in their balance sheet the percentage of such loans to their total assets. The amendments also required that such NBFCs wherein loan against gold jewelry comprise 50.00% or more of their financial assets maintain a minimum Tier I capital of 12.00% by April 01, 2014 and stipulate that they shall not grant any advance against bullion/primary gold and gold coins. The RBI has also reviewed its guidelines on the Fair Practice Code for all NBFCs, which among other things, cover general principles relating to adequate disclosures on the terms and conditions of loans, the manner of disbursement of loans, including any change in their underlying terms and conditions, procedure for determining interest rate for such loans and adopting non-coercive recovery methods. These amendments further required NBFCs engaged in extending loans against jewelry to put in place adequate internal policies to ensure, among other things, proper assessment procedures for the jewelry received as collateral, internal control mechanisms for ascertaining the ownership of gold jewelry, procedures in relation to storage and safeguard and insurance of gold jewelry and adequate measures for prevention of fraudulent transactions.

Because of regulatory changes by the RBI in March, 2012 by capping the loan to value ratio at 60.00% of the value of jewelry, our gross loan portfolio declined by 14.39% from ₹ 263,868.18 million as of March 31, 2013 to ₹ 225,885.51 million as of December 31, 2013. However RBI Vide Notification no. RBI/2013-14/435 DNBS.CC.PD.No.365/03.10.01/2013-14, dated January 8, 2014 increased the cap on loan to value ratio to 75% from 60%. At the same time, the RBI implemented a similar cap on commercial banks through Circular no. RBI/2013-14/453 DBOD.BP.BC.No.86 /21.01.023/2013-14, dated January 20, 2014. These regulatory changes brought a positive impact in our business and also a level playing field in the sector.

As of March 31, 2015, 2016, 2017, 2018 and 2019, our portfolio of outstanding principal amount of gross Gold Loans under management was, ₹ 233,499 million, ₹ 243,355.41 million, ₹ 272,199.60 million, ₹ 288,483.85 and ₹ 335,852.95 million respectively, and approximately 131.13 tons, 141.91 tons, 148.81 tons, 155.39 tons and 169.46 tons respectively, of gold jewelry was held by us as security for our Gold Loans. Gross non-performing assets ("**NPAs**") were at 2.19%, 2.88%, 2.06%, 4.42% and 2.72% of our gross loan portfolio under management as of March 31, 2015, 2016, 2017, 2018 and 2019 respectively.

For the year ended March 31, 2015, our total income declined by 12.59% at ₹ 43246.36 million, in spite of increase in gold loan portfolio on account of reduction in lending rates. For the year ended March 31, 2016, our total income increased by 12.73% at ₹ 48,750.15 million due to intensified interest collection without offering any settlements. For the year ended March 31, 2017, our total income increased by 17.88% at ₹ 57,467.01 million. For the year ended March 31, 2018, our total income increased by 10.21% at ₹ 63,331.52 million and for the year ended March 31, 2019, our total income has increased by 8.64% at ₹ 68,806.30 million. For the year ended March 31, 2015, consequent to a reduction in gold loan portfolio, our profit after tax was ₹ 6,705.24 million showing a decline of 14.04%. For the year ended March 31, 2016, 2017, 2018 and 2019, our profit after tax was at ₹ 8,095.53 million, ₹ 11,798.32 million, ₹ 17,775.60 million and ₹ 19,721.41 million which shows an increase of 20.75%, 45.74%, 50.66% and 10.95%. As of March 31, 2015, 2016, 2017, 2018 and 2019 our net worth was ₹ 50,835.04 million, ₹ 56,192.49 million, ₹ 65,165.42 million , ₹ 78,120.21 million and ₹ 97,927.20 million respectively.

Competitive Strengths

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

Market leading position in the gold loan business in India with pan-India reach and branch network

Gold Loans are the core products in our asset portfolio. We believe that our experience, through our Promoters, has enabled us to have a leading position in the gold loan business in India. Highlights of our market leading position include the following:

- We are the largest gold financing company in India in terms of loan portfolio as of March 31, 2018, according to the IMaCS Industry Report 2018. Our loan portfolio as of March 31, 2019 comprised approximately 8.06 million loan accounts in India with Gold Loans outstanding of ₹ 335,852.95 million.

- We have the largest branch network among gold loan NBFCs as of March 31, 2018, according to the IMaCS Industry Report 2018. Our branch network has expanded significantly from 373 branches as of March 31, 2005 to 4,502 branches as of June 30, 2019, comprising 770 branches in northern India, 2,716 branches in southern India, 723 branches in western India and 293 branches in eastern India covering 23 states, the national capital territory of Delhi and five union territories in India.

- We believe that due to our early entry we have built a recognizable brand in the rural and semi-urban markets of India, particularly in the south Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Telangana and Karnataka. As of March 31, 2019, the south Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Telangana and the Union Territory of Pondicherry and Andaman and Nicobar Islands constituted 48.85% of our total gold loan portfolio.

- We have a strong presence in under-served rural and semi-urban markets. A large portion of the rural population has limited access to credit either because of their inability to meet the eligibility requirements of banks and financial institutions or because credit is not available in a timely manner, or at all. We have positioned ourselves to provide loans targeted at this market.

- We offer products with varying loan amounts, advance rates (per gram of gold) and interest rates. The maximum and average maturity of our loan product is 12 months and approximately 3 to 6 months, respectively. Our average disbursed gold loan amount outstanding was ₹ 41,658 per loan account as of March 31, 2019 while interest rates on our Gold Loans usually range between 12.00% and 24.00% per annum.

Strong brand name, track record, management expertise and Promoter support

Our operating history has evolved over a period of 80 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939. We believe that the experience, skills and goodwill acquired by our Promoters over these years cannot be easily replicated by competitors. We have a highly experienced and motivated management team that capitalizes on this heritage at both the corporate and operational levels. Our senior management team has extensive experience in the gold loan industry and has demonstrated the ability to grow our business through their operational leadership, strategic vision and ability to raise capital. Under the current management team, our loan assets portfolio has grown from ₹ 33,690.08 million as of March 31, 2009 to ₹ 349,329.32 million as of March 31, 2019. Our business is also well supported by our Promoters, who are members of the Muthoot family. We believe that our long operating history, track record, management expertise and Promoter support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals who entrust us with their gold jewelry, and will be key in allowing us to expand.

High-quality customer service and robust operating systems

We adhere to a strict set of market survey and location guidelines when selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules. We provide our customers a clean and secure environment to transact their business with us. In addition to the physical environment, it is equally important to have professional and attentive staff at both the branch level and at our centralized customer support centers. Each of our branches across India is staffed with persons who possess local knowledge and understanding of customers' needs and who are trained to appraise collateral and disburse loans within a few minutes. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we usually are able to disburse an average loan ticket size of ₹ 20,000 within five minutes to repeat customers from the time the gold is tendered to the appraiser, except in case of first time customers where it may take up to half an hour for carrying out one-time-compliance with the KYC norms. Furthermore, since our loans are all over-collateralized by gold jewelry, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high quality customer service and short response time are significant competitive strengths that differentiate our services and products from those provided by commercial banks.

Strong capital raising ability to fund a high profitability business model

We have a track record of successfully raising capital from various sources at competitive costs. We regularly issue secured redeemable non-convertible debentures to retail investors, earlier on a private placement basis and now through public issue route as a means to access capital for our gold loan business. We have also issued Equity Shares in three tranches to institutional investors raising ₹ 2556.90 million and completed an initial public offering of our Equity Shares in the month of May, 2011 raising ₹ 9,012.50 million and an Institutional Placement Programme in the month of April, 2014 raising ₹ 4,182.93 million and made twenty public issues of secured non-convertible debentures raising ₹ 134,744.74 million in total. We also issue subordinated debt which is considered as Tier II capital of our Company, earlier under private placement mode and now through public issue route to mainly retail investors. Since our inception, we have relied on the proceeds of secured non-convertible debentures called "Muthoot Gold Bonds" placed through our branches. These debentures were issued on a private placement basis and were subscribed to, mainly by retail investors. Consequent to change in private placement regulations, debentures are now being issued under public issue route. We believe that we are able to raise capital from retail investors because of our leadership, goodwill, trust, reputation, track record, performance, stability in our business and strong quality asset portfolio. We have diversified our resource pool by supplementing our proceeds from the issuance of non-convertibles debentures with borrowings from banks and other financial institutions. As of March 31, 2015, 2016, 2017, 2018 and 2019 our outstanding borrowings from banks and financial institutions were ₹ 72,418.68 million, ₹ 76,876.56 million, ₹ 91,269.48 million, ₹ 1,11,835.62 million and ₹ 131,042.77 million respectively. We have developed stable long-term relationships with our lenders, and established a track record of timely servicing our debts. For details in relation to our credit rating of our debt instruments, see "*Our Strategies - Access to low-cost and diversified sources of funds*" on page 94 of this Tranche III Prospectus.

In-house training capabilities to meet our branch expansion requirements

Our ability to timely appraise the quality of the gold jewelry collateral is critical to the business. We do not engage third parties to assess the collateral for our Gold Loans, but instead employ in-house staff for this purpose. Assessing gold jewelry quickly is a specialized skill that requires assessing jewelry for gold content and quality manually without damaging the jewelry. We have opened two Management Academies, one each in Delhi and in Kochi. We also have regional training centers at each of our 74 regional offices. We use our regional training centers to train new employees in appraisal skills, customer relations and communication skills. The academy serves as a management development center focusing on developing our future managers and leaders. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel as we seek to grow our branch network. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

Our Strategies

Our business strategy is designed to capitalize on our competitive strengths and enhance our leading market position. Key elements of our strategy include:

Expand branch network and visibility to maintain our market leadership position

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. We have a long-standing presence in southern India, and are among the first organized Gold Loan providers in northern and western and eastern India. Our strategy for branch expansion includes further strengthening our market leading position in south Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India to enhance our presence in other regions of India, particularly in northern India, where we intend to open branches in most states. We have added 13 branches in 2014-15, 63 branches in 2015-16, 136 branches in 2016-17, 98 branches in 2017-18 and 186 branches in 2018-19 and expect this network to grow in the future. Over the years we have created a well-developed and extensive branch network, resulting in us progressively reducing the rate of expansion of our branch network year on year. While we do not need to grow our branch network as aggressively as we have in the past, our branch network strategy remains key to our growth. A new RBI regulation, issued on September 16, 2013, required us and other Gold Loan NBFCs that had more than 1,000 branches to obtain RBI approval prior to opening new branches. However, this regulation has not had an effect on slowing our expansion of branches. Furthermore, we intend to increase our efforts on increasing the number of customers in our existing branches, thereby increasing our loan portfolio while continuing to expand our branch network.

At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector. Moreover, our ethics, values and goodwill, which have established our strong brand, will continue to be important factors in our expansion. In addition to increasing the visibility of our brand by sponsoring events and publicity, we will continue to build trust among our customers and enhance our brand with quality services and safety and security of our customers' collateral.

Continue to target new customer segments

The market for our loan products was traditionally confined to lower and middle income groups, who viewed Gold Loans as an option of the last resort in case of emergency. We have undertaken, and intend to continue undertaking sustained marketing efforts to diminish the stigma attached to pledging gold jewelry in India. We plan to work to position Gold Loans as a "lifestyle product" and expand our customer base to include upper-middle income and upper income groups. We intend to emphasize our Gold Loan products' key advantages of expediency and minimal documentation, and alter the image of Gold Loans from an option of the last resort to an option of convenience.

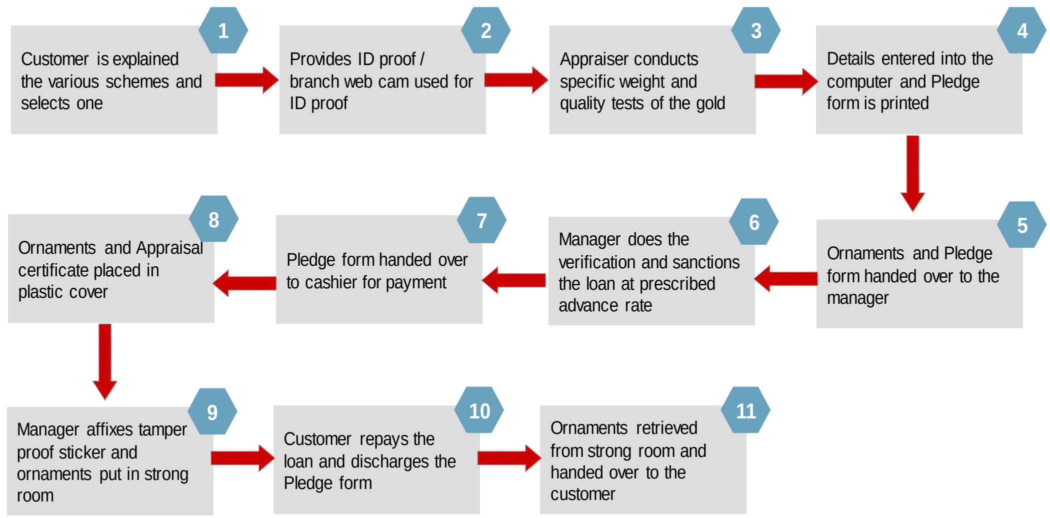
Access to low-cost and diversified sources of funds

We source our funds for our Gold Loan business primarily from the proceeds of private placements and public issuances of debentures in India and from secured and unsecured credit facilities from banks and other financial institutions. We have been assigned a long-term rating of "[ICRA] AA/Stable" and a short-term rating of "A1+" by ICRA for our ₹ 141,150.00 million line of credit. We intend to increase our efforts to access low-cost funds through rated debt instruments. In this regard, we have been assigned an "A1+" rating by CRISIL and "A1+" rating by ICRA for short term debt instruments. We also intend to raise long-term institutional funding through long-term debt instruments. We have been assigned CRISIL AA/Stable" rating by CRISIL for our long-term debt instruments - non-convertible debentures and subordinated debt. ICRA has assigned "[ICRA] AA/Stable" rating for our long-term debt instruments - non-convertible debentures and subordinated debt. We intend to keep the levels of our capital adequacy ratios in excess of regulatory requirements and strengthen our balance sheet with a view to have access to other sources of low-cost funds.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the Gold Loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. For example, as of June 30, 2019, we have installed surveillance cameras in 4,482 branches across India. Furthermore, we intend to continue to train existing and new employees in appraisal skills, customer relations, communication skills and risk management procedures to enable replication of talent and ensures smooth transition on employee attrition, update our employees with latest developments to mitigate risks against frauds, cheating and spurious gold and strengthen their gold assessment skills.

Gold Loan Business



Our core business is disbursement of Gold Loans, which are typically small ticket loans collateralized by gold jewelry. As of March 31, 2019 we had approximately 8.06 million loan accounts, respectively, representing an aggregate principal balance of ₹ 335,852.95 million. For the year ended March 31, 2019, our loan portfolio earned, on an average, interest of 1.80% per month, or 21.63% per annum. For the years ended March 31, 2015, 2016, 2017, 2018 and 2019, income from interest earned on our Gold Loans constituted 98.19%, 98.49%, 97.95%, 97.64% and 97.32% respectively, of our total income.

Loan disbursement process

The principal form of collateral accepted by us is gold jewelry. The amount that we finance against the security of gold jewelry is typically based on the value of the jewelry. We value the gold jewelry brought by our Gold Loan customers based on our centralized policies and guidelines, including policy on fixing interest rates. In terms of the extant RBI guidelines, we currently lend up to 75.00% of the gold price of the gold content in the jewelry. We appraise the jewelry collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewelry. Our Gold Loans are therefore well collateralized because the actual value of the collateral in all cases will be higher than the underlying loan value at the time of loan disbursement.

The amount we lend against an item and the total value of the collateral we hold fluctuates according to the gold prices. However, an increase in gold price will not result automatically in an increase in our Gold Loan portfolio unless the per gram rate are revised by our corporate office. Similarly, since adequate margins are kept at the time of disbursement of loan, a decrease in the price of gold has little impact on our interest income from our existing loan portfolio. 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.

We rely on the disposition of collateral to recover the principal amount of an overdue Gold Loan and the interest due thereon. We also have recourse against the customers for the Gold Loans taken by them. Since the disbursement of loans is primarily based on the value of collateral, the customer’s creditworthiness is not a factor in the loan decision. However, we comply with KYC norms adopted by the Board and require proof of identification and address proof which are carefully documented and recorded. We also photograph customers with web-cameras installed in our branches.

All our Gold Loans have a maximum 12 month term. However, customers may redeem the loan at any time, and our Gold Loans are generally redeemed between 90 and 180 days. Interest is required to be paid only when the principal is repaid. However, the borrower has the flexibility to pay the interest or principal partly at any time. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed collateral is disposed of in satisfaction of the principal and all interest charges. In general, collateral is disposed of only when the recoverable amount is equal to or more than the realizable value of the collateral.

Loan appraisal process

Our Gold Loan approval process is generally linked with the appraisal of gold jewelry that serves as collateral, which takes only a few minutes. Each of our branches is staffed with persons who have been trained and have experience in appraising the gold content of jewelry. The appraisal process begins with weighing the jewelry using calibrated weighing machines. Jewelry is then subject to prescribed primary tests for the quality of gold, including stone tests and acid tests, followed by additional tests, if required, such as salt tests, sound tests, weight tests, pointed scratching tests, flexibility tests, color tests, smell tests, usability tests, magnifying glass tests and finishing tests. Once the jewelry passes these tests, loans are disbursed based on the rates per gram of gold as approved by the corporate office. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we usually are able to disburse an average loan ticket size of ₹ 20,000.0 in five minutes to repeat customers from the time the gold is tendered to the appraiser, except in case of first time customer where it may take up to half an hour for carrying out one-time-compliance with the KYC norms. While our customers are provided the option to accept loan disbursements in cash or by cheque or electronic mode, almost all of our customers prefer disbursements in cash.

At the time of disbursement, an undertaking is signed by the customer. It states the name and address of our Company's relevant branch office and the customer, a detailed description of the gold jewelry provided as collateral, the amount of the loan, the interest rate, the date of the loan, and other terms and conditions.

Where the responsibility for compliance with applicable law relating to loan appraisal and disbursement lies with us, we are in compliance with the IT Act and other related provisions.

Post-disbursement process

Custody of gold collateral

The pledged gold jewelry is separately packed by the staff of the branch, and then placed in a polythene pouch with the relevant documents on the loan and the customer and stored in the safe or strong room of the branch.

The safes and strong rooms in which the gold jewelry is kept are built as per industry standards and practices. The strong rooms are vaults with reinforced concrete cement structures. Currently, almost all of our branches are using strong rooms.

Inventory control

The pledged gold jewelry packed in pouches is identified by loan details marked on the cover. Tamper proof stickers are affixed on the jewelry packets to ensure inventory control. Additional stickers are used to seal packets by persons examining packages subsequently, including our internal auditors

Branch security and safety measures

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

Burglar alarms

Burglar alarms are installed in all branches.

Security guards

Security guards are deployed in branches where management perceive there to be heightened security risks.

Release of the pledge

We monitor our gold loan accounts and recovery of dues on an ongoing basis. Once a loan is fully repaid, the pledged gold jewelry is returned to the customer. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose of the collateral to satisfy the amount owed to us, including both the principal and the accrued interests. Before starting the recovery process, we inform the customer through registered letters or legal notices.

When a loan is repaid, we give the customer an option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of documentation that a pledge entails. If the loan is not repaid when the loan falls due, we are able to sell the gold collateral through public auction in satisfaction of the amount due to us.

We also reserve the right to sell the collateral even before a loan becomes past due in the event the market value of the applicable of the portion of the underlying collateral is less than amounts outstanding on the loan, after serving notice to the customer.

Other Business Initiatives

Money transfer services

We provide fee based services including money transfer and foreign exchange services. For the years ended March 31, 2015, 2016,2017, 2018 and 2019 our money transfer services business generated ₹ 225.69 million, ₹ 232.32 million, ₹ 214.01 million, ₹205.75 million and ₹ 211.54 million respectively, or 0.52%, 0.48%, 0.37%, 0.32% and 0.31% respectively, of our total income. We act as sub-agents to Indian representatives and enter into representation agreements for inward money transfer remittance. Under these agreements, we are entitled to receive a commission for the services provided depending on the number of transactions or the amount of money transferred and the location from which the money is transferred to us. In terms of applicable law governing the provision of money transfer services in India, as a sub-agent, our Company is not required to obtain any regulatory approvals for engaging in such business.

Collection services

We provide collection agency services to clients. We act as collection agents by receiving money for and on behalf of our clients who issue invoices to their customers for goods sold or service rendered. We receive commissions for each invoice for which remittance by a customer is made and money is collected by us. We commenced our collection services business in the fiscal year 2011, and accordingly have not generated any revenues in prior fiscal years. For the year ended March 31, 2015, 2016, 2017, 2018 and 2019 we generated ₹ 4.17 million, ₹ 4.82 million, ₹ 2.47 million, ₹ 2.70 million and ₹ 2.33 million respectively, from our collection services business.

Unsecured Loans

We have started providing unsecured personal loans to salaried individuals and unsecured loans to traders and self employed. Personal loans are extended mainly to salaried employees of Public Sector units, other reputed institutions and self-employed individuals. The loans will be granted for meeting any personal purposes including consumption needs. Business Loans to traders and self employed include loans to Wholesale and retail traders, Self-employed professionals like allopathic doctors, chartered accountants, company secretaries and architects etc. Such loans are extended for any genuine business purpose like working capital requirements, acquisition /repair/ renovation of fixed assets/ equipments / machinery etc. As of March 31, 2017, 2018 and 2019, our loan portfolio outstanding under the above stood at ₹ 51.57 million, ₹ 251.20 million and ₹ 1,306.34 million respectively.

Wind mills business

We operate three windmills of 1.25 MW each in the south Indian state of Tamil Nadu for the generation of electric power which is purchased by the local State Electricity Board. For the years ended March 31, 2015, 2016, 2017, 2018 and 2019 income from our wind mills was ₹ 13.82 million, ₹ 11.44 million, ₹ 19.95 million, ₹ 21.71 million and ₹ 17.97 million respectively, or 0.03%, 0.02%, 0.03%, 0.03% and 0.03% respectively, of our total income.

Branch Network and Customer Service

As of June 30, 2019 we had branches located in 23 states, the national capital territory of Delhi and five union territories in India. The distribution of branches across India by region as of March 31, 2015, 2016, 2017, 2018, 2019 and as of June 30, 2019 is as set out in the following table:

As of March	2015	2016	2017	2018	2019	As of June 30, 2019
Northern India	687	703	726	725	763	770
Southern India	2,745	2,724	2,676	2,675	2,719	2,716
Western India	606	623	652	663	711	723
Eastern India	207	225	253	262	287	293
Total Branches	**4,245**	**4,275**	**4,307**	**4,325**	**4,480**	**4,502**

A diagrammatic representation of the branch network across India, as of June 30, 2019 is as set out below:

In addition to our branches, as of June 30, 2019, we have more than 1,692 customer relation executives in charge of carrying out customer loyalty programs and a customer relations department which provides support over the phone servicing the needs of our customers.

Marketing, Sales and Customer Care

Our marketing and sales efforts centers around promoting our brand and positioning Gold Loans as a “lifestyle product”. In promoting our brand, our campaigns focus on the concept of “gold power” to differentiate our products from other financial institutions and stress the convenience, accessibility and expediency of Gold Loans. We also work to position Gold Loans as a “lifestyle product” because the market for Gold Loans was traditionally confined to lower and middle income groups, who viewed such loans as an option of the last resort in case of emergency. We have implemented aggressive marketing strategies to diminish the stigma attached to pledging gold jewelry. Furthermore, we target our efforts at small businessmen, vendors, traders and farmers, who may require credit on a regular basis.

Our sales and marketing efforts are led by a team of 88 managers as of June 30, 2019 who guide the marketing and sales efforts of their respective regions and who are supported by 234 marketing executives and 1,692 customer relation executives as of June 30, 2019. Marketing executives make personal visits and direct their sales efforts at high net-worth clients. Customer relation executives are responsible for product promotion and telemarketing. In addition, we carry out advertising campaigns with TV ads, print ads and road shows to increase the visibility of our brand and our Gold Loans products.

Future Expansion

We have expanded by establishing new locations, and our business strategy is to leverage our extensive experience in disbursing gold loans in southern India to continue expanding our lending business within our existing geographic markets and into other markets that meet our risk/reward considerations. We have added 13 branches in the year ended March 31, 2015, 63 branches in the year ended March 31, 2016, 136 branches in the year ended March 31, 2017, 98 branches in the year ended March 31, 2018 and 186 branches in the year ended March 31, 2019. Our Board believes that such expansion will continue to provide economies of scale in supervision, administration and marketing by decreasing the overall average cost of such functions per branch. By concentrating on multiple lending units in regional and local markets, we seek to expand market penetration, enhance brand recognition and reinforce marketing programs.

A new branch can be ready for business within four to six weeks. The construction of a new location involves construction of secured counters and installation of strong rooms or safe and security systems. Our branches are generally established on leased premises, thus requiring a lower set-up cost. The set-up cost required for furnishing the premises and purchasing equipment generally ranges between ₹ 0.50 million to ₹ 1.50 million per branch.

Regional Credit Exposure

The table below sets forth an analysis of our Gold Loan portfolio by region as of March 31, 2015, 2016, 2017, 2018 and 2019:

(₹ *in millions*)

As of March 31,	**2015**	**2016**	**2017**	**2018**	**2019**
Northern India	50,963	54,334.55	61,762.99	64,921.24	76,904.59
Southern India	132,589.01	130,287.86	140,181.10	144,739.45	164,054.41
Western India	35,602.87	42,670.86	50,014.19	55,671.17	66,426.40
Eastern India	14,344.02	16,062.14	20,241.31	23,151.99	28,467.55
Total Credit Exposure	**233,499.01**	**243,355.41**	**272,199.59**	**288,483.85**	**335,852.95**

Average Gold Loan Outstanding Per Branch

The average gold loan outstanding per branch has increased from ₹ 57.55 million as of March 31, 2011 to ₹ 66.39 million as of March 31, 2012. However, because of a raft of regulatory changes adversely affecting our business, average Gold Loans outstanding per branch declined to ₹ 63.70 million as of March 31, 2013 and ₹ 50.63 million as of March 31, 2014. The decline was a result of decreased business overall while our branch network continued to grow. However, as a result of relaxation of LTV norms to 75% from 60% by RBI in January, 2014, Gold Loan portfolio started increasing and average Gold Loan outstanding per branch has increased to ₹ 55.00 million as of March 31, 2015, ₹ 56.93 million as of March 31, 2016, ₹ 63.20 million as of March 31, 2017, ₹ 66.70 million as of March 31, 2018 and ₹ 74.97 million as of March 31, 2019.

Profitability Ratios

The table below sets forth an analysis of yield, interest expense, operating expense, return on loan assets, return on equity and earnings per share for the years ended March 31, 2015, 2016, 2017, 2018 and 2019:

Years ended March 31,	**2015**	**2016**	**2017**	**2018**	**2019**
Interest income to average loan assets	19.30%	19.72%	21.43%	22.21%	21.63%
Interest expense to average loan assets	9.52%	9.25%	8.69%	6.92%	7.16%

Years ended March 31,	2015	2016	2017	2018	2019
Net Interest Margin	9.78%	10.47%	12.74%	15.29%	14.47%
Operating expenses to average loan assets	4.84%	4.43%	4.56%	5.32%	4.81%
Profit Before Tax to average loan assets	4.65%	5.39%	7.28%	10.19%	9.85%
Profit After Tax to average loan assets	3.03%	3.32%	4.47%	6.36%	6.31%
Return on Average Equity	14.35%	15.13%	19.44%	24.81%	22.40%
Earnings Per Share(₹) (Basic)	16.97	20.34	29.56	44.48	49.27
Earnings Per Share(₹) (Diluted)	16.80	20.10	29.45	44.33	49.18

Non-performing Assets (NPAs)

Based on RBI guidelines for asset classification, details of the classification of our gross NPAs as of March 31, 2015, 2016, 2017:

(₹ in millions)

Asset Type	2015	As of March 31, 2016	2017
Sub-standard [1]	4884.57	6,668.31	4,967.76
Doubtful [2]	232.09	356.30	653.54
Loss [3]	-	-	-
Gross NPA	5116.66	7,024.61	5,621.30

1. An asset is classified as an NPA when it has remained overdue for a period as below:

   (a) If the asset become overdue for 5 months for the financial year ending March 31, 2016
   (b) If the asset become overdue for 4 months for the financial year ending March 31, 2017
   (c) If the asset become overdue for 3 months for the financial year ending March 31, 2018

2. Sub-standard assets would mean:

   (a) an asset that has been classified as NPA for a period not exceeding 16 months (currently 18 months) for the financial year ending March 31, 2016;
   (b) an asset that has been classified as NPA for a period not exceeding 14 months for the financial year ending March 31, 2017; and
   (c) an asset that has been classified as NPA for a period not exceeding 12 months for the financial year ending March 31, 2018 and thereafter.

3. Doubtful assets would mean:

   (a) an asset that has remained sub-standard for a period exceeding 16 months (currently 18 months) for the financial year ending March 31, 2016;
   (b) an asset that has remained sub-standard for a period exceeding 14 months for the financial year ending March 31, 2017; and
   (c) an asset that has remained sub-standard for a period exceeding 12 months for the financial year ending March 31, 2018 and thereafter.

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

Provisioning policy

For the Financial Years 2015, 2016, 2017 and 2018

Our provisioning in respect of our NPA accounts is in accordance with the norms prescribed by the RBI, with emphasis on the realizable value of the security and the period of overdue payments.

Statutory provisions are required to be made in respect of standard, sub-standard, doubtful and loss assets as per RBI directives. Set out below is a brief description of applicable RBI guidelines on provisioning and write-offs for loans, advances and other credit facilities including bills purchased and discounted:

Standard assets: A general provision of 0.40% of the total outstanding assets classified as standard assets is required to be made. Provision for standard assets in excess of the prudential norms, as estimated by the management, is set out under Provision for Standard Assets, as general provisions. Accordingly as on March 31, 2018, 0.85% of our total outstanding assets were classified under provision for standard assets as general provisions (in excess of prudential norms). The requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D, has vide the RBI notification dated November 10, 2014 been increased to 0.40%, to be complied with in a phased manner as follows: **(i)** 0.30% by March 31, 2016, **(ii)** 0.35% by March 31, 2017 and **(iii)** 0.40% by March 31, 2018.

Sub-standard assets: A minimum general provision of 10% of the total outstanding assets classified as sub-standard assets is required to be made.

Doubtful assets: 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC has a valid recourse is required to be made. The realizable value is to be estimated on a realistic basis. In addition to the foregoing, depending upon the period for which the asset has remained doubtful, provision is required to be made as follows:

- if the asset has been considered doubtful for up to one year, provision to the extent of 20% of the secured portion is required to be made;
- if the asset has been considered doubtful for one to three years, provision to the extent of 30% of the secured portion is required to be made; and
- if the asset has been considered doubtful for more than three years, provision to the extent of 50% of the secured portion is required to be made.

Loss assets: The entire asset is required to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding assets classified as Loss assets should be provided for.

Details of provisions and amounts written off for years ended March 31, 2015, 2016, 2017 are set out in the table below:

(₹ in millions)

	For the Years ended March 31,		
	2015	**2016**	**2017**
Gross NPAs	5116.66	7,024.61	5,621.30
Provisions	725.38	1,019.27	1,019.27
Net NPAs	4391.28	6,005.35	4,602.03
Net loan assets	234,084.71	243,789.09	272,785.35
Net NPAs/Net loan assets (%)	1.88%	2.46%	1.69%
Gross loan assets	234,084.71	243,789.09	272,785.35
Gross NPAs/Gross loan assets (%)	2.19%	2.88%	2.06%
Amounts Written-off	191.64	107.19	165.44
Amounts written-off to Gross loan assets (%)	0.082%	0.044%	0.061%

Changes in Asset Classification & Provision Policy from Financial Year 2019 under IND AS

With the introduction of Ind AS from April 1, 2018, our Company started recognising provisions based on expected credit loss model ("ECL"). The basis of provisioning may be significantly different between the Ind As and Indian GAAP. ECL are a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. Because ECL considers the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses are recognised. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months ("Stage 1").

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default as the weight ("Stage 2").

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised ("Stage 3").

The table below sets out the details on the Company's Stage 3 Loan Assets for the years ended 2018 and 2019 are set out in the table below:

(in ₹ million)

	2018	2019
Loan Assets (Principal Amount)	291,420.20	342,461.20
Stage 3 Loan Assets	12,871.59	9,326.00
Stage 3 ECL Provision	1,900.96	1,294.96
Net Stage 3 Loan Assets	10,970.63	8,031.04
Net Loan Assets (Principal Amount)	285,328.91	336,102.12
% Stage 3 Loan Assets on Loan Assets (Principal Amount)	4.42%	2.72%
% Net Stage 3 Loan Assets on Net Loan Assets (Principal Amount)	3.84%	2.39%
% Stage 3 ECL Provision on Stage 3 Loan Assets(Provision Coverage Ratio)	14.77%	13.89%
Stage 1 & 2 ECL Provision	4,190.33	5,064.12
Amounts Written-off	316.42	259.24
Amounts written-off to Gross loan assets (%)	0.11%	0.08%

NPA Recovery

Our credit department assigns interest collection targets for each branch, reviews performance against targets, makes visits to the branches, and advises on timely corrective measures and repossession action. We also have procedures in place to penalize branches for loans overdue beyond three months. We maintain strict control over recovery procedures followed in our various branches by linking employee compensation to the performance of the branch (loans disbursed, NPA levels, etc.,) in which the employee is working. Once repossession is advised by our credit department, we conduct public auctions of the jewelry collateral after serving requisite legal notices.

Capital Adequacy Ratio

We are subject to the capital adequacy requirements of the RBI. As per the RBI regulations, we are required to maintain a capital adequacy ratio of minimum 15% of which Tier I capital should be minimum of 12%. We maintain a capital adequacy ratio above the minimum levels prescribed by the RBI and had a capital adequacy ratio of 24.78%, 24.48% ,24.88%, 26.26 % and 26.05% as of March 31, 2015, 2016, 2017, 2018 and 2019 respectively. As of March 31, 2019, Tier I capital of the company stood at 25.61%.

Treasury Operations

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and monitors cash and bank balances. The objective is to ensure the sufficient cash reserves at all our branches while at the same time avoid holding cash in excess of what may be required in the ordinary course. Since almost all disbursements are made in cash, we maintain an average of ₹ 0.50 million in cash across our branches. Each regional office has the primary responsibility for directing branches within the region to move surplus funds to deficit branches. If there is a surplus of funds in the region as a whole, such surpluses are deposited in cash credit/overdraft accounts at the corporate level. Deficits at a region level are managed by cash transfers from our treasury department. We monitor cash and balances on daily basis using our management information systems, and have arrangements with various banks for the transfer of bank balances between locations. Cost of movement of cash also is taken into consideration while deciding optimum cash levels in each location. We use a RTGS facility if the remitting and receiving banks are different, or through internal transfer if both the branches belong to the same bank.

Risk Management

Risk management forms an integral element of our business strategy. As a lending institution, we are exposed to various risks that are related to our gold lending business and operating environment. Our objective in our risk management processes is to appreciate measure and monitor the various risks we are subject to and to follow the policies and procedures to address these risks.The major types of risk we face are collateral risk, operational risk, liquidity risk and market risk (which includes interest rate risk).

Collateral risk

Collateral risk arises from the decline in the value of the gold collateral due to fluctuation in gold prices. This risk is in part mitigated by a minimum 25% margin retained on the value of jewelry for the purpose of calculation of the loan amount. Further, we appraise the jewelry collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewelry. In addition, the sentimental value of the gold jewelry to the customers may induce repayment and redemption of the collateral even if the value of the collateral falls below the value of the repayment amount. An occasional decrease in gold prices will increase collateral risk significantly on account of our adequate collateral security margins. However, a sustained decrease in the market price of gold can additionally cause a decrease in the size of our loan portfolio and our interest income.

Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. We aim to reduce 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 jewelry used as collateral for our loans can be readily liquidated, and in light of the fact that we do not lend more than 75% of the value of the collateral retained, the risk of recovering less than the amounts due to us is quite remote.

Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events.

We have instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although we disburse loans in very short periods 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 physical movement and security measures in connection with cash or gold. We have also introduced centralized software which automates inter-branch transactions, enabling branches to be monitored centrally and thus reducing the risk of un-reconciled entries. In addition, we have installed surveillance cameras across our various branches, and subscribe to insurance covers for employee theft or fraud and burglary. Our internal audit department and our centralized monitoring systems assist in the management of operational risk.

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 and equity to loss and to reduce our exposure to the volatility inherent in financial instruments. The majority of our borrowings, and all the loans and advances we make, are at fixed rates of interest. Our interest rate risk is therefore minimal at present.

Liquidity risk

Liquidity risk is the risk of being unable to raise necessary funds from the market at optimal costs to meet operational and debt servicing requirements. The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalize on opportunities for business expansion. An Asset and Liabilities Committee ("**ALCO**") meeting is held regularly to review the liquidity position based on future cash flow. In addition, we also track the potential impact of prepayment of loans at a realistic estimate of our near to medium-term liquidity position. We have developed and implemented comprehensive policies and procedures to identify, monitor and manage liquidity risks. The nature of our business is such that our source of funds (proceeds from the issue of debentures and term loans) has longer maturities than the loans and advances we make, resulting in low liquidity risk in our operations.

A summary of maturity pattern of certain items of assets and liabilities as of March 31, 2019, which is based on certain estimates, assumptions, RBI guidelines and our prior experience of the performance of its assets, is set out below:

As at March 31, 2 019	**1 to 30/31 days (one month)**	**Over one month to 2 months**	**Over 2 months to 3 months**	**Over 3 months to 6 months**	**Over 6 months to 1 year**	**Over 1 year to 3 year**	**over 3 to 5 years**	**Over 5 years**	**Non sensitive to ALM ****	**Total**
Liabilities										
Deposits	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Borrowings	11,082.93	17,742.43	23,869.66	1,715.97	1,40,016.50	55,140.78	18,897.69	504.93	(639.37)	2,68,331.52
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-
Advances*	71,146.14	55,282.43	44,987.00	86,409.44	84,142.84	13,669.64	218.31	4.82	(6,531.32)	3,49,329.32
Investments (other than investment in foreign subsidiary)	-	-	-	-	-	20.34	30.60	9,281.32	-	9,332.26
Foreign Currency assets (Investment in foreign subsidiary)	-	-	-	-	-	-	-	493.30	-	493.30

*Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than Gold Loan, the maturity profile is based on contracted maturity.
**represents adjustments on account of EIR/ECL

Business cycle risk

Business cycle risk is the risk associated with the seasonal or cyclical nature of a business. As our customers include both individuals and business and our loan products are used by customers in various industries, trade cycles have limited impact on our business. Furthermore, the geographic spread of our branches will allow us to mitigate the cyclical pressures in the economic development of different regions.

Funding Sources

We have depended on term loans from banks, issuance of redeemable non-convertible debentures and issuance of Commercial Paper as the primary sources of our funding. The following table sets forth the principal components of our secured loans as of the periods indicated:

(₹ in millions)

Secured loans	**As of March 31,**				
	2015	**2016**	**2017**	**2018**	**2019**
Redeemable non-convertible debentures	59,839.07	40,908.85	25,190.08	8,429.17	5,237.61
Redeemable non-convertible debentures (Listed)	30,655.55	36,403.32	37,098.15	43.,841.53	75,146.98
Term loans from banks & financial institutions	7.96	5.97	2,002.93	2,003.71	7,011.19
Cash credit / working capital demand loans from banks & financial institutions	72,410.71	76,870.59	89,266.55	1,09,831.91	122,781.58
TOTAL	**162,913.30**	**154,188.73**	**153,557.71**	**1,64,106.32**	**210,177.36**

The following table sets forth the principal components of our unsecured loans as of the periods indicated:

(₹ in millions)

Unsecured loans	**As of March 31,**				
	2015	**2016**	**2017**	**2018**	**2019**
Subordinated Debt	24,308.97	22,348.16	15,457.56	7,037.97	458.50
Subordinated Debt (Listed)	2,229.04	3,108.05	3,661.81	3,848.98	3,848.98
Loan from Directors/ Relatives of Directors	5,195.77	6,764.57	5,984.10	8,815.05	5,711.08
Borrowings from Banks- Unsecured	-	-	750.00	-	1,250.00
Commercial Paper		-	31,548.45	28,180.87	47,524.96
TOTAL	**31,733.77**	**32,220.77**	**57,401.92**	**47,882.86**	**58,793.52**

We have developed stable long-term relationships with our lenders, and established a track record of timely servicing our debts.

Since our inception, we have relied on the proceeds of secured non-convertible debentures called "Muthoot Gold Bonds" placed through our branches. These debentures were issued on a private placement basis and were subscribed to, mainly by retail investors. We believe that raising funds from retail investors is possible because of our leadership, goodwill, trust, reputation, track record, performance, stability in our business and strong quality asset portfolio. We have been able to mobilize these bonds in the newer geographies that we have entered. RBI vide its circular RBI/2012-13/560 DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013 and RBI/2013-14/115 DNBS(PD) CC No.349/03.10.001/2013-14 dated July 02, 2013 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 number of investors in an issue to 49 investors, implementing a minimum subscription amount for a single investor of ₹ 2.5 million and in multiples of ₹ 1.00 million thereafter and prohibition on providing loan against own debentures etc.

This has resulted in limiting the Company's ability to raise fresh debentures under private placement basis. Since the change in regulations in July, 2013, we have raised ₹ 121,620.78 million in debentures issued under the public issue route. We are focusing our efforts on ensuring that upon maturity, existing private placement debenture holders subscribe to debentures we issue through the public issue route.

We have been assigned an "A1+" rating by ICRA and by CRISIL for our commercial paper programme. CRISIL has assigned "CRISIL AA/Stable" to our long term debt instruments - non-convertible debentures and subordinated debt. ICRA has assigned "[ICRA] AA/ Stable" rating for our long term debt instruments - non-convertible debentures and subordinated debt. Further, ICRA has assigned a long term rating of "[ICRA] AA/ Stable" and a short term rating of "A1+" to our ₹ 141,150.00 million line of credit.

We also raise capital by issuing Equity Shares from time to time, particularly to various institutional investors.

Asset and Liability Management

ALCO monitors and manages our day to day asset and liability mix ALM committee of Board of Directors, will have overall responsibility of monitoring, supervision and control of the Asset and Liability Management mechanism. Most of our liabilities are short-to-medium-term and assets are short-term. We may in the future decide to pursue loan products with longer term maturities. We have a structural liquidity management system which measures our liquidity positions on an ongoing basis and also scrutinizes the reasons behind liquidity requirements evolving under different assumptions. For measuring net funding requirements, we prepare regular maturity gap analyses and use a maturity ladder to calculate the cumulative surplus or deficit of funds at selected maturity dates. Based on this analysis we re-price its assets and liabilities.

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 nationwide 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. We have used the power of information technology in our operations to improve our customer services, efficiency and management information systems. In March, 2013, we developed a powerful, user-friendly core banking solution ("**CBS**") and implemented the solution in all our branches across India. This solution has been designed and developed to meet our business requirements. The CBS takes care of centralized transaction processing, back-office and management information system across our branches and offices. The main objective of the CBS is to provide ubiquitous services to customers and enhance convenience, along with providing better control and cost-effectiveness to the Company. CBS has been rolled out with transaction processing and back-office functionalities so as to allow branches to provide fast and convenient services to customers.

Security threats and measures

The security threats we face can be broadly classified as external and internal threats. The principal security risks to our operations are robbery (external threat) and employee theft or fraud (internal threat). 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 have installed management information systems to minimize the scope for employee theft or fraud. We also have installed offsite surveillance cameras across our branches, which is connected to a centrally located database and allow the regional office / corporate office to remotely monitor the branches.

To protect against robbery, all branch employees work behind wooden, glass and steel counters, and the back office, strong-room and computer areas are locked and closed to customers. Each branch's security measures include strong rooms with concrete walls, strong room door made of iron bars, burglary alarm systems, controlled entry to teller areas, and the tracking of employee movement in and out of secured areas. 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 jewelry are stored securely in strong rooms.

Since we handle high volumes of cash and gold jewelry 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. As of June 30, 2019, we had an internal audit team of 952 persons who conduct audits on branches either weekly or fortnightly or monthly depending on the size of the branch.

Competition

Although the business of extending loans secured by gold is a time-honored industry (unorganized pawn-broking shops being the main participants), the Gold Loan industry in India remains very fragmented. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and utilizing modern point-of-sale systems 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 loan competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong general management, regional market focus, automated management information systems and access to capital.

Historically, our competition was primarily from a few Kerala based banks, including Federal Bank, South Indian Bank and Catholic Syrian Bank, and a few other Kerala based NBFCs. In recent years, our main competition has expanded to include various commercial banks and other NBFCs, including deposit accepting NBFCs.

Insurance Coverage

We maintain insurance coverage on all our assets located at our head office and on all our movable assets in branch premises owned by us against fire, earthquake and related perils. We also maintain insurance against burglaries at our head office and at our branches, and against loss by riots, strikes or terrorist activities, cash in transit and employee theft. We maintain special contingency insurance covering gold in transit, gold in branches and cash in transit against burglary. Our insurance policies are generally annual policies that we renew regularly.

Employees

As of June 30, 2019 we employ 24,644 persons. Our employee strength was at 22,882 persons as of March 31, 2015, 22,781 persons as of March 31, 2016, 24,205 persons as of March 31, 2017, 23,455 persons as of March 31, 2018 and 24,644 persons as of March 31, 2019. None of our employees are represented by a recognized labour union, and we believe that our relations with our employees are good.

Remuneration to our employees comprises a fixed component as well as variable pay. Variable pay consists of direct incentives and shared incentives. Our direct and shared incentives are linked to performance targets being achieved by employees and branches. We have an annual performance appraisal system for all employees. Annual increments are awarded only for employees who meet minimum performance standards in their job.

Training

Our ability to timely appraise the quality of the gold jewelry collateral is critical to the business, and requires us to employ persons possessing specialized skill sets in our various branches. We provide extensive training to our branch employees through training programs that are tailored to appraising the gold content in gold jewelry. A new employee is introduced to the business through an orientation program and through training programs covering job-appropriate topics. The experienced branch employee receives additional training and an introduction to the fundamentals of management to acquire the skills necessary to move into management positions within the organization. Manager training involves a program that includes additional management principles and more extensive training in topics such as income maximization, business development, staff motivation, customer relations and cost efficiency. We have opened two Management Academies, one each in Delhi and in Kochi. We also have regional training centers at each of our regional offices. The academy serves as a management development center focusing on developing our future managers and leaders.

Branding

As part of our broad strategy to strengthen our brand, we are associated with Padma Vibhushan Shri Amitabh Bachchan and Chennai Super Kings (CSK), one of the renowned Indian Premier League (IPL) cricket teams. We are confident that our association with such prominent people and brands will help us gain more trust and deepen our customer relationships. Shri Amitabh Bachchan was chosen as its brand ambassador to represent it in its national campaigns as he inspires trust and confidence across generations, much like The Muthoot Group. The diverse roles that he has enacted across his illustrious career also resonate with our wide business activities. We launched our first Gold Loan campaign with Shri Bachchan articulating the central message, "Muthoot Finance se Gold Loan lijiye, aur Life Mein #AageyBadhiye!".

We associated as the principal team partner of CSK, which is led by the legendary former Indian Captain, Padma Bhushan Shri Mahendra Singh Dhoni, for IPL 2018. Cricket is the most popular and watched sport in India. With IPL completing 10 years, its popularity has grown significantly. Our IPL association has proved to be a prudent outreach initiative for the Group. We believe this association will help us engage with cricket fans across the country irrespective of which team they support.

We partnered the Jaipur Pink Panthers team of the Pro Kabaddi League as its associate sponsor for the League's Season 5. At Muthoot Finance Limited, we specially focus on promoting Kabaddi, as we have sizeable number of our branches in the rural and semi-urban areas of the country. We are certain that this association will further help us realise our aim of supporting aspirations of rural India, while promoting a spirit of sportsmanship and fair play

Awards and Accolades

Our Company has received several awards over the years, including:

i. Muthoot Finance was adjudged India's Most Trusted Financial Services Brand in a study covering 9,000 brands across 16 cities by the Brand Trust Report.
ii. Muthoot Finance received BTVI National Award for Marketing Excellence in Banking, Financial Services and Insurance (BFSI) sector.
iii. We received Kerala Management Association's (KMA) special jury awards in the CSR activities undertaken, 2017 category of the KMA Excellence Award 2017.
iv. The Muthoot Group won the prestigious Enterprise Uptime Champion Award 2017 at the Technology Senate event in Kolkata. It recognises companies with the best network uptime records for the year.

Litigation

Except as disclosed elsewhere in this Prospectus, we have no material litigation pending against us or our Directors. For details, see "*Pending Proceedings and Statutory Defaults*" beginning on page 173 of this Tranche III Prospectus.

Intellectual Property Rights

The brand and trademark "Muthoot", as also related marks and associated logos ("**Muthoot Trademarks**") are currently registered in the name of our Company. Our Company proposes to register the Muthoot Trademarks in the name of our Promoters through a rectification process or an assignment (or irrevocably grant ownership rights by alternate, legally compliant means). For further details see "*Risk Factors - The "Muthoot" logo and other combination marks are proposed to be registered in the name of our Promoters. If we are unable to use the trademarks and logos, our results of operations may be adversely affected. Further, any loss of rights to use the trademarks may adversely affect our reputation, goodwill, business and our results of operations*" beginning on page 12 of this Tranche III Prospectus.

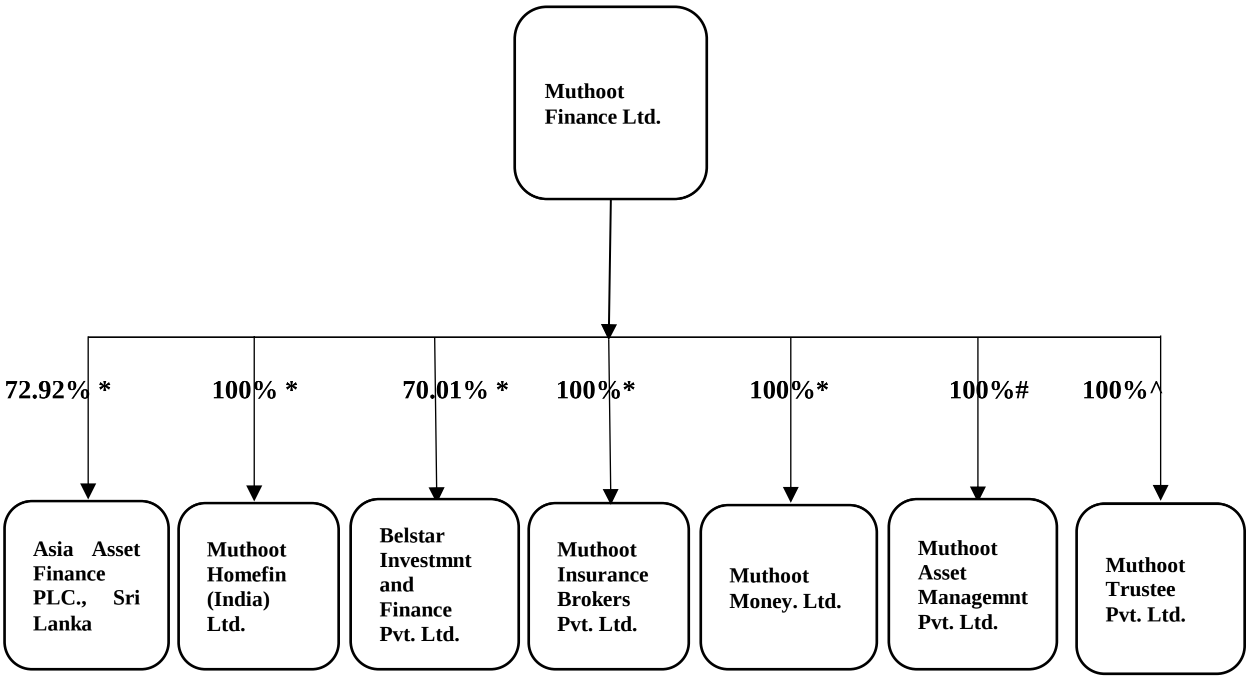
Property

Our registered and corporate office is located in Ernakulam, Kerala, is owned by us. We acquired land in New Delhi, and constructed an office building to serve as an administrative base for our operations in the northern, eastern and western states of India. As of June 30, 2019, except for 15 branch offices, which are owned by us, all our other branch offices are located at premises leased or licensed to us. We also own 77 guest houses all across India for use by our employees. We also hold 16 other properties used for various purposes by our Company.

Corporate Social Responsibility (CSR)

CSR vision and policy of the Company is aimed to create a nationwide social impact by constantly giving back to the community by identifying and facilitating growth in areas which are less privileged. The Company has focused on health awareness and education initiatives and is in process of expanding its CSR activities at pan India level. Company has undertaken CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company and through Muthoot M George Charitable Trust, Delhi. The Company was mostly focused on educational support to under privileged students, marriage assistance, medical support given for healthcare like expenditure for treatments like cancer, dialysis, and surgeries mainly through a project called 'Snehasraya'.

Corporate Structure



**Muthoot Finance Ltd's equity share capital holding in the investee company as at June 30, 2019*
^Incorporated on January 28, 2019.
#Incorporated on January 14, 2019.

Subsidiary Companies

Muthoot Homefin (India) Limited

MHIL is a housing finance company registered with the National Housing Bank (NHB). It became a wholly owned subsidiary of the Company in August, 2017. MHIL focuses on extending affordable housing finance and targets customers in Economically Weaker Sections (EWS) and Lower Income Groups (LIG) in Tier II & Tier III locations. It operates on a 'Hub and Spoke' model, with the centralised processing at the corporate office at Mumbai. MHIL has operations in Kerala, Maharashtra (including Mumbai), Gujarat, Rajasthan, Madhya Pradesh, Chandigarh, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Chattisgarh, Punjab, Tamil Nadu, Delhi, Pondicherry and Haryana. As on March 31, 2019, it has a loan portfolio of ₹ 19,075 mllion. ICRA assigned Long Term Debt Rating of AA-(Stable) for its bank limits and Short Term Debt Rating of ICRA A1+ for its commercial paper. CRISIL has in September, 2018 assigned Long Term Debt Rating of AA(Stable) for its bank limits. For the year ended March 31, 2019 , it generated a profit after tax of ₹ 363 million.

Muthoot Insurance Brokers Private Limited

MIBPL became a wholly owned subsidiary of the Company in September, 2016. MIBPL is an unlisted private limited company holding a licence to act as direct broker from the IRDA since 2013. It is actively distributing both life and non-life insurance products of various insurance companies. During the financial year 2019, it has insured more than 22,10,000 lives with a first year premium collection of ₹ 1,738 million under traditional, term and health products. The same was 841,000 lives with a first year premium collection of ₹ 1,006 million in financial year 2018. For the year ended March 31, 2019, it generated a profit after tax of Rs. 150 million

Belstar Investment and Finance Private Limited

As of June 30, 2019, Muthoot Finance Limited holds 70.01% in BIFPL. BIFPL was incorporated in January, 1988 at Bangalore and the BIFPL was registered with the RBI in March, 2001 as an NBFC. BIFPL was reclassified as "NBFC-MFI" by the RBI effective from December 11, 2013. BIFPL was acquired by the 'Hand in Hand' group in September, 2008 to provide scalable microfinance services to entrepreneurs nurtured by 'Hand in Hand's' Self Help Group (SHG) program. The Company commenced its first lending operations at Haveri District of Karnataka in March, 2009 to 3 SHGs, 22 members for ₹ 0.20 million. In the last 9 years of its operations, BIFPL primarily relied on taking over the existing groups formed by Hand in Hand India. BIFPL predominantly follows the SHG model of lending. Effective January, 2015, BIFPL started working in JLG model of lending in Pune district, Maharashtra. As of June 30, 2019, BIFPL operations are spread over 11 states and 1 union territory (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha, Pondicherry, Chhattisgarh, Gujarat ,Rajasthan, Bihar and Uttar Pradesh). It has 441 branches, with 82 controlling regional offices and employs 3,309 staff members. Its loan portfolio has grown from ₹ 0.20 million in 2009 to ₹ 18,419 million in 2019. For the year ended March 31, 2019, it generated a profit after tax of ₹ 729 million.

Asia Asset Finance PLC

Asia Asset Finance PLC (AAF) Colombo, Sri Lanka became a foreign subsidiary of the Company on December 31, 2014. As on June 30, 2019 the total holding in AAF stood at 90 million equity shares representing 72.92% of their total capital. The loan portfolio stands at LKR 12.569 million as on March 31, 2019. AAF is a registered financial company based in Sri Lanka a fully licensed, deposit-taking institution registered with the Central Bank of Sri Lanka and listed on the Colombo Stock Exchange. AAF is in the lending business since 1970. At present the company is involved in retail finance, hire purchase & business loans and has 23 branches across Sri Lanka. The company formerly known as finance and land sales has been in operation for over 46 years, evolving to serve the growing needs of people of Sri Lanka. For the year ended March 31, 2019, it generated a profit after tax of LKR 101 million.

Muthoot Money Ltd.

Muthoot Money Ltd (MML) became a wholly owned subsidiary of Muthoot Finance Ltd in October, 2018. MML is a RBI registered Non- Banking Finance Company engaged mainly in extending loans for vehicles. The operations are now centered in Hyderabad. Recently, Company has started extending loans for Commercial Vehicles and Equipments. As on March 31, 2019, it had a loan portfolio of ₹ 3,107 million. For the year ended March 31, 2019, it generated a profit after tax of ₹ 3 million.

Muthoot Asset Management Pvt Ltd.

Muthoot Finance Limited has incorporated a wholly owned subsidiary 'Muthoot Asset Management Pvt. Ltd' in Q4 FY 2018-19 by infusing ₹ 510.00 million and further investment of ₹ 490.00 million in Q1 FY 2019-20

Muthoot Trustee Pvt. Ltd

Muthoot Finance Limited has incorporated a wholly owned subsidiary 'Muthoot Trustee Pvt. Ltd' in Q4 FY 2018-19 by infusing ₹ 0.10 million and further investment of ₹ 0.90 million in Q1 FY 2019-20.

A summary of the key operational and financial parameters for the last three completed financial years of the Company on a standalone basis are as under:

(Rs. In millions)

Particulars	**For the year ended March 31**	
	2019*	2018*
Equity	97927.19	78120.21
Total Borrowings of which-		
Debt securities	79,869.53	51,987.94
Borrowings(other than debt securities)	1,84,174.79	1,48,822.73

Subordinated Liabilities	4287.20	10,859.70
Property, Plant and Equipment	1,866.58	1,922.35
Other Intangible assets	58.97	82.32
Financial Assets	3,77,749.57	3,05,293.10
Non- Financial Assets	2937.43	2629.45
Cash and Cash Equivalents	17,134.85	4,551.91
Bank Balances other than cash and cash equivalents	220.23	317.94
Financial Liabilities	2,79,729.35	2,26,248.21
Non- Financial Liabilities	3,030.46	3,554.13
Loans	3,49,329.32	2,95,068.03
Loans (Principal Amount)	3,42,461.20	2,91,420.20
Interest Income	67,570.12	62021.30
Finance Costs	22,368.44	19,314.03
Impairment on Financial Instruments	275.48	2396.51
Profit for the year	19721.42	17775.60
% Stage 3 Loans on Loans(Principal Amount)	2.72%	4.42%
% Net Stage 3 Loans on Net Loans (Principal Amount)	2.39%	3.84%
CRAR - Tier I Capital Ratio(%)	25.61%	25.49%
CRAR - Tier II Capital Ratio(%)	0.44%	0.77%
Debt Equity Ratio of the company		
Before the issue of debt securities	2.74	
After the issue of debt securities #	2.84	

* As per Indian Accounting Standards

The debt-equity ratio post the Issue is indicative and is on account of total outstanding debt and Equity funds as on March 31, 2019 and an assumed inflow of ₹ 10,000.00 million from the issue as mentioned in this Tranche III Prospectus and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Particulars	**Year Ended March 31**
	2017**
Networth	65,164.41
Total Debt of Which:	
Non-Current Maturities of Long Term Borrowing	42,311.91
Short Term Borrowing	1,27,549.09
Current Maturities of Long Term Borrowing	39,993.67
Unpaid Matured Debentures	1104.94
Net Fixed Assets	2,182.06
Non-Current Assets	5,966.94

Cash and Bank Balances	15,340.46
Current Investments	0
Current Assets	3,01,163.78
Current Liabilities	1,92,929.43
Assets Under Management (Gross Loan Assets)	2,72,785.35
Off Balance Sheet Assets	0
Interest Income	56,538.87
Interest Expense	22,938.15
Provisioning and Write offs	2815.91
PAT	11,798.31
Gross NPA (%)***	2.06
Net NPA (%)***	1.69
Tier I Capital Adequacy Ratio (%)	21.78%
Tier II Capital Adequacy Ratio (%)	3.10%

*** on Gross Loan Assets

** As per IGAAP

A summary of the key operational and financial parameters for the last three financial years on a consolidated basis are as under:

(Rs in million)

Particulars	**For the year ended March 31**	
	2019*	2018*
Equity	99312.00	78565.75
Total Borrowings of which-		
Debt securities	82,149.41	53,977.50
Borrowings(other than debt securities)	2,11,314.21	1,70,703.98
Deposits	2,618.98	2,652.80
Subordinated Liabilities	5192.51	11,572.74
Property, Plant and Equipment	2,055.82	2,046.02
Goodwill	299.96	212.16
Other Intangible assets	79.85	108.00
Financial Assets	4,13,383.97	3,33,345.38
Non- Financial Assets	3964.02	3372.60
Cash and Cash Equivalents	20,056.62	6,412.06
Bank Balances other than cash and cash equivalents	1,978.22	1,058.15
Financial Liabilities	3,13,405.42	2,53,672.45
Non- Financial Liabilities	3,206.80	3,746.65
Loans	3,87,225.27	3,22,522.95
Interest Income	74,160.10	66,123.61
Finance Costs	25,354.65	21,271.37

Impairment on Financial Instruments	678.51	2,713.02
Profit for the year	21,029.61	18,437.52
Debt Equity Ratio of the company		
Before the issue of debt securities	3.03	
After the issue of debt securities #	3.13	

* As per Indian Accounting Standards

The debt-Equity ratio post the Issue is indicative and is on account of total outstanding debt and Equity funds as on March 31, 2019 and an assumed inflow of ₹ 10,000.00 million from the issue as mentioned in this Tranche III Prospectus and does not include contingent and off-balance sheet liabilities. The actual debt-Equity ratio post the Issue would depend upon the actual position of debt and Equity on the date of allotment.

(Rs in million)

Particulars	Year Ended March 31 , 2017**
Networth	65,380.40
Total Debt of which	
Non Current Maturities of Long Term Borrowings	48,451.34
Short Term Borrowings	1,27,658.66
Current Maturities of Long Term Borrowings	45,656.76
Net Fixed Asset	2,462.10
Non Current Asset	11,882.02
Cash and Bank Balances	16,446.68
Current Investments	806.25
Current assets	3,09,959.40
Current Liabilities	2,00,473.56
Assets under Management	2,85,711.49
Off Balance Sheet Assets	
Interest Income	58,159.90
Interest Expense	23,685.93
Provisioning & Write offs	2,966.50
PAT	11,997.85

** As per IGAAP

DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

A. **Details of Secured Borrowings:**

Our Company's secured borrowings as on June 30, 2019 amount to ₹ 219,729.61 million. The details of the individual borrowings are set out below:

1. ***Cash Credit facilities availed by the Company***

(*₹ in millions*)

S. No.	Bank	Date of Sanction	Amount sanctioned	Principal Amount outstanding as on June 30, 2019 (Excludes interest accrued, if any)
1.	Indus Ind Bank Limited	October 31,2018	1,000.00	532.52
2.	IDBI Bank Limited	October 30,2018	1,000.00	853.23
3.	Axis Bank Limited	June 27,2019	750.00	694.27
4.	Union Bank of India	July 16,2018	6,000.00	5931.03
5.	Syndicate Bank	March 21, 2019	2,000.00	1,875.31
6.	Kotak Mahindra Bank Limited	January 21,2019	350.00	175.68
7.	Punjab National Bank	September 02,2017	1,000.00	985.61
8.	Andhra Bank	June 19,2019	7,000.00	6,962.59
9.	UCO Bank Limited	September 15,2017	4,100.00	3,995.59
10.	Punjab and Sind Bank	June 29,2017	1,000.00	982.94
11.	Oriental Bank of Commerce	November 02,2017	3,600.00	3,449.18
12.	State Bank of India	February 06,2019	100.00	17.20
13.	HDFC Bank Limited	June 29,2017	220.00	123.86
14.	Federal Bank Limited	November 01,2018	400.00	343.01
15.	Bank of Baroda	August 01,2017	50.00	0.00
16.	Karur Vysya Bank	July 27,2018	1,000.00	972.07
TOTAL			**29,570.00**	**27,894.09**

All the facilities obtained above have been secured by a first pari passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables.

2. ***Short Term Loans availed by the Company****

(*₹ in millions*)

S. No.	Bank	Date of sanction	Amount sanctioned	Principal Amount outstanding as on June 30, 2019 (Excludes interest accrued, if any)
1.	HDFC Bank Limited	June 29, 2017	6,030.00	6,000.00
2.	Axis Bank Limited	June 27, 2019	3,000.00	3,000.00
3.	Yes Bank Limited	October 17, 2017	5,000.00	0.00
4.	Punjab National Bank	September 02, 2017	5,000.00	5,000.00
5.	Kotak Mahindra Bank Limited	January 21,2019	4,650.00	4,500.00
6.	ICICI Bank Limited	November 05,2018	10,000.00	10,000.00
7.	ICICI Bank Limited-2	January 30,2019	5,000.00	5,000.00
8.	Syndicate Bank	March 21,2019	10,500.00	10,500.00
9.	Canara Bank	December 07, 2018	1,500.00	1,500.00
10.	State Bank of India	February 06,2019	9,900.00	9,900.00
11.	Dena Bank	January 22,2018	2,500.00	2,500.00
12.	Corporation Bank	October 29,2018	4,000.00	4,000.00
13.	IDBI Bank Limited	October 30,2018	4,000.00	4,000.00
14.	United Bank of India	August 16, 2018	3,500.00	3,500.00
15.	Federal Bank Limited	November 01, 2018	4,000.00	4,000.00
16.	Bank of Baroda	August 01, 2017	4,950.00	4,950.00
17.	Central Bank of India	September 17, 2018	6,000.00	6,000.00

18.	UCO Bank	September 15, 2017	1,900.00	1,900.00
19.	South Indian Bank	May 22, 2019	2,000.00	2,000.00
20.	Vijaya Bank	March 07, 2018	2,000.00	2,000.00
21.	Oriental Bank of Commerce	March 15,2019	2,400.00	2,400.00
22.	Dhanalaxmi Bank Limited	November 23,2018	400.00	400.00
23.	Indus Ind Bank Limited	October 31, 2018	6,000.00	6,000.00
24.	Karur Vysya Bank Ltd	July 27,2018	1,000.00	1,000.00
25.	Bajaj Finance Limited	August 02, 2018	1,250.00	1,250.00
	TOTAL		**1,06,480.00**	**1,01,300.00**

Total Principal Amount outstanding as on June 30, 2019 for Cash Credit & Short Term Loans Rs.1,29,194.09millions
Less: EIR impact of transaction cost Rs.58.87 millions
Cash Credit & Short Term Loans outstanding as on June 30, 2019as per balance sheet Rs.1,29,135.22 millions

All the facilities obtained above have been secured by a first pari passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables.

3. *Long term loans availed by the Company**

These long term loans have been considered as term loans for the purpose of Rule 5(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014. There have been no defaults or rescheduling in any of the loans set out below:

S. No.	Bank	Date of sanction	Amount sanctioned (₹ in millions)	Principal Amount outstanding as on June 30, 2019 (Excludes interest accrued, if any (₹ in millions)	Repayment schedule and Pre-payment penalty, if any
1.	State Bank of India(a)	February 06, 2019	7,000.00	6,416.70	Repayable in 12 equal quarterly installments for 36 months
2.	Federal Bank Limited(a)	June 27, 2019	400.00	400.00	Repayable in 8 equal quarterly installments for 24 months
3.	Axis Bank Limited(a)	June 27, 2019	1,000.00	1,000.00	Repayable in 11 equal quarterly installments each starting after 6months from date of first drawdown for 36 months
4.	Muthoot Vehicle & Asset Finance Ltd(b)	March 17, 2018	2.56	1.58	Repayable in monthly installments for 36 months
5.	Muthoot Vehicle & Asset Finance Ltd(b)	August 28, 2018	5.43	4. 76	Repayable in monthly installments for 60 months
6.	Muthoot Vehicle & Asset Finance Ltd(b)	October 26, 2018	2.76	2. 50	Repayable in monthly installments for 60 months
7.	Muthoot Vehicle & Asset Finance Ltd(b)	March 20, 2019	1.80	1. 73	Repayable in monthly installments for 60 months
		TOTAL	**8412.55**	**7827.27**	

Total Principal amount outstanding as on June 30, 2019 Rs.7,827.27millions
Less: EIR impact of transaction cost Rs.20.37 millions
Total outstanding as on June 30, 2019 as per balance sheet Rs.7,806.90 millions

*(a) *Secured by first pari passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables.*

*(b) *Secured by specific charge on vehicles.*

4. *Overdraft against deposits with Banks*

Our Company has overdraft facility on the security of fixed deposits maintained with banks aggregating to ₹ 1.39 million as on June 30, 2019

5. ***Secured Non-Convertible Debentures***

5.1 Our Company has issued to retail investors on private placement basis, secured redeemable non- convertible debentures of face value of ₹ 1,000.00 each under various series, the details of which as on June 30, 2019 are set forth below:

Debenture series	**Tenor period of maturity**	**Coupon / Effective Yield (in percentage %)**	**Principal Amounts outstanding as on June 30, 2019 (Excludes interest accrued, if any (Rs. in millions)**	**Dates of Allotment**	**Redemption Date/ Schedule**
AW	60 months	10.50-11.00	0.21	July 01, 2007 to September 30, 2007	July 01, 2012 to September 30, 2012
AX	60 months	10.50-11.00	0.12	October 01, 2007 to December 31, 2007	October 01, 2012 to December 31, 2012
AY	60 months	10.50-11.00	0.05	January 01, 2008 to March 31, 2008	January 01, 2013 to March 31, 2013
AZ	60 months	10.50-11.00	0.37	April 01, 2008 to July 02, 2008	April 01, 2013 to July 02, 2013
BB	60 months	11.00-11.50	0.08	July 10, 2008 to September 21, 2008	July 10, 2013 to September 21, 2013
BC	60 months	11.00-12.00	0.29	September 22, 2008 to December 31, 2008	September 22, 2013 to December 31, 2013
BD	60 months	11.00-12.00	2.61	January 01, 2009 to March 31, 2009	January 01, 2014 to March 31, 2014
BE	60 months	10.50-11.50	0.05	April 01, 2009 to June 30, 2009	April 01, 2014 to June 30, 2014
BF	60 months	10.50	1.36	July 01, 2009 to September 30, 2009	July 01, 2014 to September 30, 2014
BG	60 months	9.50-10.50	0.78	October 01, 2009 to December 31, 2009	October 01, 2014 to December 31, 2014
BH	60 months	9.00-10.50	1.90	January 01, 2010 to March 31, 2010	January 01, 2015 to March 31, 2015
BI	60 months	9.00-10.50	0.78	April 01, 2010 to June 30, 2010	April 01, 2015 to June 30, 2015
BJ	60 months	9.50-11.00	2.90	July 01, 2010 to September 30, 2010	July 01, 2015 to September 30, 2015
BK	60 months	9.50-11.50	1.94	October 01, 2010 to December 31, 2010	October 01, 2015 to December 31, 2015
BL	60 months	10.00-11.50	3.55	January 01, 2011 to March 31, 2011	January 01, 2016 to March 31, 2016
BM	60 months	11.00-12.00	2.42	April 01, 2011 to June 30, 2011	April 01, 2016 to June 30, 2016
BN	60 months	11.00-12.00	4.75	July 01, 2011 to September 18, 2011	July 01, 2016 to September 18, 2016
BO	60 months	11.00-12.00	4.67	September 19, 2011 to November 30, 2011	September 19, 2016 to November 30, 2016
BP	60 months	11.50-12.50	4.39	December 01, 2011 to January 22, 2012	December 01, 2016 to January 22, 2017
BQ	60 months	11.50-12.50	4.60	January 23, 2012 to February 29, 2012	January 23, 2017 to February 28, 2017

BR	60 months	11.50-12.50	12.42	March 01, 2012 to April 30, 2012	March 01, 2017 to April 30, 2017
BS	60 months	11.50-12.50	3.78	May 01, 2012 to May 20, 2012	May 01,2017 to May 20,2017
BT	60 months	11.50-12.50	4.94	May 21, 2012 to June 30, 2012	May 21,2017 to June 30,2017
BU	60 months	11.50-12.50	4.74	July 01, 2012 to August 16, 2012	July 1,2017 to August 16,2017
BV	60 months	11.50-12.50	10.83	August 17, 2012 to September 30, 2012	August 17, 2017 to September 30,2017
BW	60 months	11.50-12.50	16.99	October 01, 2012 to November 25, 2012	October 01 ,2017 to November 25,2017
BX	60 months	10.50-12.50	10.32	November 26, 2012 to January 17, 2013	November 26,2017 to January 17,2018
BY	120 months	10.50-12.50	870.48	January 18, 2013 to February 28, 2013	January 18,2023 to February 28,2023
BZ	120 months	10.50-12.50	964.70	March 01, 2013 to April 17, 2013	March 01, 2023 to April 17, 2023
CA	120 months	10.50-12.50	1203.12	April 18, 2013 to June 23, 2013	April 18, 2023 to June 23, 2023
CB	120 months	10.50-12.50	680.32	June 24, 2013 to July 07, 2013	June 24, 2023 to July 07, 2023
CC	120 months	10.50-12.50	17.50	July 08, 2013 to July 31, 2013	July 08, 2023 to July 31, 2023
CD	120 months	10.50-12.50	7.50	July 31, 2013 to August 10, 2013	July 31, 2023 to August 10, 2023
CE	120 months	10.50-12.50	23.50	August 12, 2013 to August 31, 2013	August 12, 2023 to August 31, 2023
CF	120 months	10.50-12.50	7.50	August 31, 2013 to September 06, 2013	August 31, 2023 to September 06, 2023
CG	120 months	10.50-12.50	10.00	September 06, 2013 to September 27, 2013	September 06, 2023 to September 27,2023
CH	120 months	10.50-12.50	25.00	September 27,2013 to October 09,2013	September 27,2023 to October 09,2023
CI	120 months	10.50-12.50	22.50	October 09,2013 to October 29,2013	October 09,2023 to October 29,2023
CJ	120 months	10.50-12.50	7.50	October 29,2013 to November 18,2013	October 29,2023 to November 18,2023
CK	120 months	10.50-12.50	5.00	November 18,2013 to December 05,2013	November 18,2023 to December 05,2023
CL	120 months	10.50-12.50	11.00	December 05,2013 to December 24,2013	December 05,2023 to December 24,2023
CM	120 months	10.50-12.50	32.50	December 24,2013 to January 03,2014	December 24,2023 to January 03,2024
CN	120 months	10.50-12.50	63.50	January 03,2014 to January 10,2014	January 03,2024 to January 10,2024
CO	120 months	10.50-12.50	107.50	January 10,2014 to January 20,2014	January 10,2024 to January 20,2024
CP	120 months	10.50-12.50	48.00	January 20,2014 to February 04,2014	January 10,2024 to February 04,2024

CQ	120 months	10.50-12.50	13.00	February 04,2014 to February 07,2014	February 04,2024 to February 07,2024
CR	120 months	10.50-12.50	10.00	February 07,2014 to February27,2014	February 07,2024 to February 27,2024
CS	120 months	10.50-12.50	15.00	February 27,2014 to March 14,2014	February 27,2024 to March14,2024
CT	120 months	10.50-12.50	7.50	March 14,2014 to March 31,2014	March 14 2024 to March 31,2024
TOTAL			**4254.44**		

Less: Unpaid (Unclaimed) matured debentures shown as a part of Other financial liabilities: 101.83
Total outstanding as on June 30, 2019 as per balance sheet: ₹ 4,152.61

** All the above debentures are unrated. These debentures are secured by first pari-passu floating charge on current assets, book debts, loans & advances and receivables including gold loan receivables and identified immovable properties.*

5.2 Our Company has made public issue of secured rated non-convertible debentures listed in BSE and/or NSE of face value of ₹ 1,000.00 for a maturity period of 2, 3, 5, 6 years, 66 months, 400 days, 18 months 38 months and 90 months the details of which, as on June 30, 2019, are provided below:*

Debenture Series	Tenor period of maturity	Coupon / Effective Yield (in percentage %)	Principal Amounts outstanding as on June 30,2019(Excludes interest accrued, if any (Rs. in millions)	Date of Allotment	Redemption Date/ Schedule
PL-IX**	5 years	11.00-11.50	79.61	July 04, 2014	July 04, 2019
PL-X**	5 years	11.00-11.25	62.76	September 26, 2014	September 26, 2019
PL-XI**	5 Years	10.75-11.00	70.52	December 29, 2014	December 29, 2019
PL-XII**	5 years	10.25-10.50	60.01	April 23,2015	April 23,2020
PL-XIII**	5 years	9.50-9.75	31.97	October 14, 2015	October 14, 2020
PL-XIV***	5 years	9.25-9.50	27.61	January 20, 2016	January 20, 2021
PL-XV**	5 years	9.00-9.25	30.09	May 12, 2016	May 12, 2021
PL-XVI**	3 years	9.00-9.25	8,829.01	January 30, 2017	January 30, 2020
PL-XVI*	5 years	9.00-9.25	936.30	January 30, 2017	January 30, 2022
PL-XVII*	38 months	8.50-8.75	15,271.39	April 24, 2017	June 24, 2020
PL-XVII*	5 years	8.75-9.00	2,517.38	April 24, 2017	April 24, 2022
PL-XVIII*	2 years	8.25-8.50	924.00	April 19, 2018	April 19, 2020
PL-XVIII*	38 months	8.50-8.75	19,092.87	April 19, 2018	June 19, 2021
PL-XVIII*	5 years	8.75-9.00	9,839.02	April 19, 2018	April 19, 2023
PL-XIX*	2 years	9.25-9.50	1,554.12	March 20, 2019	March 20, 2021
PL-XIX*	38 months	9.50-9.75	3,049.06	March 20, 2019	May 20,2022
PL-XIX*	5 years	9.75-10.00	2,491.39	March 20, 2019	March 20, 2024
PL-XX*	2 years	9.25-9.50	1,976.31	June 14, 2019	June 14, 2021
PL-XX*	38 months	9.50-9.75	3,157.26	June 14, 2019	August 14, 2022
PL-XX*	5 years	9.75-10.00	3,061.02	June 14, 2019	June 14,2024
PL-XX*	90 months	9.67	322.43	June 14, 2019	December 14, 2026
TOTAL			**73,384.13**		

Total Principal amount outstanding as on June 30, 2019 Rs.73,384.13 millions
Less: EIR impact of transaction cost Rs.500.64millions
Total outstanding as on June 30, 2019 as per balance sheet Rs.72,883.49 millions

**Above debentures are rated "CRISIL AA/Stable" by CRISIL Limited and "[ICRA] AA/Stable" by ICRA Limited and is fully secured by first pari-passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables and identified immovable properties.*

***Above debentures are rated "[ICRA] AA/Stable" by ICRA Limited and is fully secured by first pari-passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables and identified immovable properties.*

****Above debentures are rated "[CRISIL] AA/Stable" by CRISIL Limited and is fully secured by first pari-passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables and identified immovable properties.*

5.3 Our Company has issued on private placement basis, rated secured, redeemable non-convertible debentures listed of face value of Rs. 1,000,000.00 each under various series, the details of which, as on June 30, 2019, are set forth below:

Debenture series	Tenor period of maturity	Coupon / Effective Yield (in percentage %)	Principal Amounts outstanding as on June 30, 2019 (Excludes interest accrued, if any (Rs. in millions)	Date of Allotment	Redemption Date/ Schedule
Series 1*	3Year	9.75	1,750.00	July 26, 2018	July 26, 2021
Series 2*	1Year and 314Days	9.60	2,500.00	August 13,2018	June 22,2020
Series 3-A**	2Year and 71Days	9.25	50.00	November 22,2018	February 01,2021
Series 3-A**	2Year and 71Days	9.50	50.00	November 22,2018	February 01,2021
Series 3-A**	3Year and 71Days	9.50	250.00	November 22,2018	February 01,2022
Series 3-A**	3Year and 71Days	9.75	150.00	November 22,2018	February 01,2022
Series 3-B**#	2Year and 42Days	9.25	20.00	December 21,2018	February 01,2021
Series 3-B**#	2Year and 42Days	9.50	30.00	December 21,2018	February 01,2021
Series 3-B**#	3Year and 42Days	9.50	200.00	December 21,2018	February 01,2022
Series 3-B**#	3Year and 42Days	9.75	250.00	December 21,2018	February 01,2022
Series 3-C**#	2Year and 7Days	9.25	50.00	January 25,2019	February 01,2021
Series 3-C**#	3Year and 7Days	9.50	450.00	January 25,2019	February 01,2022
TOTAL			**5,750.00**		

#Re-Issue

**Above debentures are rated "CRISIL AA/Stable" by CRISIL Limited and "[ICRA] AA/Stable" by ICRA Limited and is fully secured by first pari-passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables and identified immovable properties*

***Above debentures are rated "[ICRA] AA/Stable" by ICRA Limited and is fully secured by first pari-passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables and identified immovable properties.*

B. Details of Unsecured Borrowings

Our Company's unsecured borrowings as on June 30, 2019 amount to ₹ 60,959.98 million. The details of the individual borrowings are set out below.

1. *Subordinated Debts*

1.1. Our Company has issued subordinated debts of face value of Rs. 1,000.00 each on a private placement basis under different series, the details of which, as on June 30, 2019, are set forth below:

Debenture series	Tenor period of maturity	Coupon / Effective Yield (in percentage %)	Principal Amounts outstanding as on June 30 2019 (Excludes interest accrued, if any (Rs. in millions)	Date of Allotment	Redemption Date/ Schedule
III	69 months	12.12	0.41	December 15, 2008 to June 30, 2009	September 15, 2014 to March 30, 2015
III	72 months	12.50	0.23	December 15, 2008 to June 30, 2009	December 15, 2014 to June 30, 2015
IV	69 months	12.12	0.40	July 01, 2009 to August 16, 2009	April 01, 2015 to May 16, 2015
IV	72 months	12.50	0.05	July 01, 2009 to August 16, 2009	July 01, 2015 to August 16, 2015
IV	72 months	11.61	1.03	August 17, 2009 to December 31, 2009	August 17, 2015 to December 31, 2015
V	72 months	11.61	0.84	January 01, 2010 to June 30, 2010	January 01, 2016 to June 30, 2016
VI	72 months	11.61	1.64	July 01, 2010 to December 31, 2010	July 01, 2016 to December 31, 2016
VII	72 months	11.61	0.72	January 01, 2011 to February 07, 2011	January 01, 2017 to February 07, 2017
VII	66 months	12.67	1.37	February 08, 2011 to March 31, 2011	August 08, 2016 to September 30, 2016
VII	66 months	12.67	1.54	April 01, 2011 to June 30, 2011	October 01, 2016 to December 30 2016
VIII	66 months	12.67	2.70	July 01, 2011 to October 31, 2011	January 01, 2017 to April

Debenture series	Tenor period of maturity	Coupon / Effective Yield (in percentage %)	Principal Amounts outstanding as on June 30 2019 (Excludes interest accrued, if any (Rs. in millions)	Date of Allotment	Redemption Date/ Schedule
					30, 2017
IX	66 months	12.67-13.39	5.85	November 01,2011 to March 31,2012	May 01,2017 to September 30,2017
X	66 months	12.67-13.39	14.99	April 01, 2012 to September 30,2012	October 01, 2017 to March 30,2018
XI	66 months	12.67-13.39	26.33	October 01, 2012 to March 31,2013	April 01, 2018 to September 30,2018
XII	66 months	12.67	24.69	April 01,2013 to July 07, 2013	October 01,2018 to January 07,2019
XIV	66 months	12.67	5.00	September 18,2013 to December 21 ,2013	March 18,2019 to June 21,2019
XV	66 months	12.67	91.00	December 22, 2013 to February 17, 2014	June 21, 2019 to August 17, 2019
XVI	66 months	12.67	46.00	February 18,2014 to March 31,2014	August 17, 2019 to September 30,2019
XVII	72 months	11.61	21.00	May 09,2014	May 09,2020
TOTAL			**245.80**		

Less: Unpaid (Unclaimed) matured debentures shown as a part of Other financial liabilities: 95.30
Total outstanding as on June 30, 2019 as per balance sheet: ₹ 150.50

**All the above Subordinated Debts are unsecured and unrated.*

1.2. Our Company has issued on private placement basis, rated unsecured, redeemable non-convertible listed subordinated debts of face value of ₹ 1,000,000.00 each under various series the details of which, as on June 30, 2019 are set forth below:*

Debenture series	Tenor period of maturity	Coupon / Effective Yield (in percentage %)	Principal Amounts outstanding as on June 30, 2019 (Excludes interest accrued, if any (₹ in millions)	Date of Allotment	Redemption Date/ Schedule
IA	10 years	12.35	100	March 26, 2013	March 26, 2023

**Above Subordinated Debts are unsecured and are rated with CRISIL AA/Stable by CRISIL Limited and "[ICRA] AA/Stable" by ICRA Limited.*

1.3. The Company made public issue of unsecured rated non-convertible debentures listed in BSE in the nature of Subordinated Debt for a maturity period of 6 years, 75 months,78 months, 81 months, 84 months, 87 months, 90 months and 96 months the details of which, as on June 30, 2019 are provided below:*

Debenture series	Tenor period of maturity	Coupon / Effective Yield (in percentage %)	Principal Amounts outstanding as on June 30, 2019 (Excludes interest accrued, if any (₹ in millions)	Date of Allotment	Redemption Date/ Schedule
PL-V*	6 years	12.25	209.74	September 25, 2013	September 25, 2019
PL-VI*	6 Years	12.25	232.88	December 04, 2013	December 04, 2019
PL-VII*	6 Years	12.25	437.57	February 04, 2014	February 04, 2020
PL-VIII**	75 Months	11.70	193.46	April 02, 2014	July 02,2020
PL-IX**	75 Months	11.70	364.49	July 04, 2014	October 04, 2020
PL-X**	78 Months	11.23	304.36	September 26,2014	March 26, 2021
PL-XI**	78 Months	11.23	386.54	December 29,2014	June 29, 2021
PL-XII**	81 Months	10.80	289.15	April 23, 2015	January 23, 2022
PL-XIII**	84 Months	10.41	359.47	October 14, 2015	October 14, 2022
PL-XIV***	87 Months	10.02	230.39	January 20, 2016	April 20, 2023
PL-XV**	90 Months	9.67	236.00	May 12, 2016	November 12, 2023
PL-XVI*	96 Months	9.06	317.76	January 30,2017	January 30,2025
PL-XVII*	96 Months	9.06	187.17	April 24,2017	April 24,2025
TOTAL			**3,748.98**		

Total Principal amount outstanding as on June 30, 2019 Rs.3,748.98 millions
Less: EIR impact of transaction cost Rs.18.54millions
Total outstanding as on June 30, 2019 as per balance sheet Rs.3,730.44 millions

**Above Subordinated Debts are unsecured and are rated with CRISIL AA/Stable by CRISIL Limited and "[ICRA] AA/Stable" by ICRA Limited.*

** *Above Subordinated Debts are unsecured and are rated with "[ICRA] AA/Stable" by ICRA Limited.*
*** *Above Subordinated Debts are unsecured and are rated with "[CRISIL] AA/Stable" by CRISIL Limited.*

2. ***Loan from Directors and Relatives of Directors***

Our Company has borrowed an aggregate ₹ 8,076.15 million (principal outstanding) from directors and relatives of directors as on June 30, 2019 which are in the nature of unsecured loans. Out of the above, ₹ 5,126.15 million are repayable on demand and ₹ 2,950.00 million are repayable on March 31, 2022.

3. ***Commercial Papers***

Our Company has issued commercial papers of the face value of ₹ 0.5 million aggregating to a total face value of ₹ 49,256.00 million as on June 30, 2019. The details of the commercial papers are set forth below.

S.No	ISIN	Number of instruments	Face Value (₹ in millions)	ISIN Maturity Date
1	INE414G14IE0	72	36.00	17-Oct-19
2	INE414G14IF7	180	90.00	22-Oct-19
3	INE414G14II1	149	74.50	24-Oct-19
4	INE414G14IJ9	126	63.00	25-Oct-19
5	INE414G14IK7	152	76.00	26-Oct-19
6	INE414G14IL5	156	78.00	29-Oct-19
7	INE414G14IM3	129	64.50	30-Oct-19
8	INE414G14IN1	124	62.00	31-Oct-19
9	INE414G14IP6	257	128.50	02-Nov-19
10	INE414G14IS0	100	50.00	05-Nov-19
11	INE414G14IU6	260	130.00	09-Nov-19
12	INE414G14IX0	181	90.50	13-Nov-19
13	INE414G14IY8	145	72.50	14-Nov-19
14	INE414G14IZ5	105	52.50	19-Nov-19
15	INE414G14JA6	116	58.00	22-Nov-19
16	INE414G14JB4	121	60.50	27-Nov-19
17	INE414G14JC2	96	48.00	29-Nov-19
18	INE414G14JD0	140	70.00	03-Dec-19

19	INE414G14JG3	136	68.00	05-Dec-19
20	INE414G14JJ7	102	51.00	06-Dec-19
21	INE414G14JM1	105	52.50	11-Dec-19
22	INE414G14JN9	136	68.00	14-Dec-19
23	INE414G14JQ2	102	51.00	19-Dec-19
24	INE414G14JT6	112	56.00	24-Dec-19
25	INE414G14JU4	102	51.00	01-Jan-20
26	INE414G14JV2	164	82.00	04-Jan-20
27	INE414G14JX8	76	38.00	08-Jan-20
28	INE414G14KA4	102	51.00	11-Jan-20
29	INE414G14KC0	113	56.50	17-Jan-20
30	INE414G14KD8	162	81.00	23-Jan-20
31	INE414G14KE6	111	55.50	25-Jan-20
32	INE414G14KJ5	154	77.00	30-Jan-20
33	INE414G14KK3	109	54.50	31-Jan-20
34	INE414G14KL1	136	68.00	04-Feb-20
35	INE414G14KM9	129	64.50	06-Feb-20
36	INE414G14KN7	152	76.00	07-Feb-20
37	INE414G14KO5	151	75.50	11-Feb-20
38	INE414G14KP2	116	58.00	13-Feb-20
39	INE414G14KR8	156	78.00	14-Feb-20
40	INE414G14KT4	103	51.50	15-Feb-20
41	INE414G14KU2	145	72.50	20-Feb-20
42	INE414G14KW8	29	14.50	25-Feb-20
43	INE414G14LH7	2,000	1,000.00	04-Jul-19
44	INE414G14LI5	1,000	500.00	09-Jul-19

45	INE414G14LI5	2,000	1,000.00	09-Jul-19
46	INE414G14LK1	4,000	2,000.00	11-Jul-19
47	INE414G14LJ3	4,000	2,000.00	15-Jul-19
48	INE414G14LN5	3,000	1,500.00	29-Jul-19
49	INE414G14LL9	1,000	500.00	31-Jul-19
50	INE414G14LO3	1,000	500.00	01-Aug-19
51	INE414G14LM7	4,000	2,000.00	30-Jul-19
52	INE414G14LL9	3,000	1,500.00	31-Jul-19
53	INE414G14LP0	4,000	2,000.00	05-Aug-19
54	INE414G14LQ8	4,000	2,000.00	06-Aug-19
55	INE414G14LS4	3,000	1,500.00	09-Aug-19
56	INE414G14LS4	2,000	1,000.00	09-Aug-19
57	INE414G14LT2	3,000	1,500.00	13-Aug-19
58	INE414G14LT2	2,000	1,000.00	13-Aug-19
59	INE414G14LU0	2,000	1,000.00	30-Aug-19
60	INE414G14LU0	2,000	1,000.00	30-Aug-19
61	INE414G14LV8	5,000	2,500.00	03-Sep-19
62	INE414G14LW6	5,000	2,500.00	04-Sep-19
63	INE414G14LX4	2,000	1,000.00	05-Sep-19
64	INE414G14LX4	2,000	1,000.00	05-Sep-19
65	INE414G14LY2	4,000	2,000.00	06-Sep-19
66	INE414G14LZ9	3,500	1,750.00	09-Sep-19
67	INE414G14MA0	5,000	2,500;00	12-Sep-19
68	INE414G14MB8	5,000	2,500.00	16-Sep-19
69	INE414G14MC6	4,000	2,000.00	17-Sep-19
70	INE414G14MD4	5,000	2,500.00	19-Sep-19

71	INE414G14MB8	1,500	750.00	16-Sep-19
72	INE414G14MB8	4,000	2,000.00	16-Sep-19
		98,512	49,256.00	

The outstanding amount at discounted value as on June 30, 2019 is ₹ 48,152.89 million

4. ***Short Term Loans availed by the Company***

The Company has availed ₹ 750.00 million as unsecured short term loan as on June 30, 2019, details of which are given below:

(₹ in millions)

Bank	Date of sanction	Amount sanctioned	Principal Amount outstanding as on June 30, 2019 (Excludes interest accrued, if any)
HDFC Bank Limited	July 26, 2018	750.00	750.00

C. **Corporate Guarantee**

The Company has issued a corporate guarantee in June 2018 favouring National Housing Bank for their secured fund based credit limit of Rs. 250.00 million extended to the wholly owned subsidiary of the Company, Muthoot Homefin (India) Limited. Other than the above, Company has not issued any corporate guarantees in the last 5 years.

D. **Restrictive Covenants under our Financing Arrangements:**

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

1. to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
2. to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
3. to create or permit any charges or lien, or dispose off on any encumbered assets;
4. to amend its MOA and AOA;
5. to alter its capital structure, or buy-back, cancel, purchase, or otherwise acquire any share capital;
6. to effect a change of ownership or control, or management of the Company;
7. to enter into long term contractual obligations directly affecting the financial position of the Company;
8. to borrow or obtain credit facilities from any bank or financial institution;
9. to undertake any guarantee obligations on behalf of any other company;
10. to change its practice with regard to the remuneration of Directors;

11. to compound, or realise any of its book debts and loan receivables including gold loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented;

12. to enter into any transaction with its affiliates or transfer any funds to any group or associate concern; and

13. to make any major investments by way of deposits, loans, share capital, etc. in any manner.

Additionally, certain lenders have the right to nominate a director on the Board on the occurrence of an event of default at any time during the term of the financial facilities.

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

In the past 5 years preceding the date of this Tranche III Prospectus, there has been no default and / or delay in payment of principal or interest on any existing financing facilities or term loan or debt security including corporate guarantee issued by the Issuer in the past.

F. **Details of rest of the borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debenture/ Preference Shares.**

NIL

G. **Details of any outstanding borrowing 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.**

NIL

SECTION V: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Authority for the Tranche III Issue

At the meeting of the Board of Directors of our Company, held on May 16, 2018, the Directors approved the issuance to the public of secured redeemable non-convertible debentures of face value of ₹ 1,000 and unsecured redeemable non-convertible debentures of face value of ₹ 1,000 each, aggregating up to ₹ 60,000 million.

The present Issue through the Shelf Prospectus of Secured NCDs of face value of ₹ 1,000 for an amount upto ₹ 40,000 million ("**Shelf Limit**"), hereinafter called the "**Issue**" was approved by NCD Committee meeting dated January 09, 2019.

The present Tranche III Issue through this Tranche III Prospectus of Secured NCDs with a Base Issue size of ₹ 1,000 million, with an option to retain oversubscription up to an amount of ₹ 9,000 million, aggregating up to ₹ 10,000 million, was approved by the NCD Committee at its meeting dated September 19, 2019.

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' vide their resolution dated September 25, 2014.

Principal terms and conditions of this Tranche III Issue

The NCDs being offered as part of the Tranche III Issue are subject to the provisions of the SEBI Debt Regulations, the relevant provisions of the Companies Act and the Companies Act, 2013, as on the date of this Tranche III Prospectus, our Memorandum and Articles of Association, the terms of this Tranche III Prospectus, the Shelf Prospectus, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/ the GoI/ Stock Exchanges/ 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 the Secured NCDs

The Secured NCDs would constitute secured obligations of ours and shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of a first pari passu charge on the identified immovable property and first pari passu charge on current assets, book debts, loans and advances, and receivables including gold loan receivables, both present and future. The Secured NCDs proposed to be issued under the Tranche III Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank pari passu without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The Company is required to obtain permissions / consents from the prior creditors in favour of the debenture trustee for creation of such pari passu charge. The Company had applied to the prior creditors for such permissions / consents and has obtained all permissions / consents from such creditors thereby enabling it to file the Shelf Prospectus and this Tranche III Prospectus.

Investment in relation to maturing debentures

Section 71 of the Companies Act, 2013, read with Rule 18 made under Chapter IV of the Companies Act, 2013, requires that any listed company that intends to issue debentures to the public must, on or before the 30th day of April of each year, in respect of such publicly issued debentures, invest an amount not less than 15% of the amount of the debentures maturing during the financial year which is ending on the 31st day of March of the next year, in any one or more of the following methods: (a) in deposits with any scheduled bank, free from any charge or lien; (b) in unencumbered securities of the Central Government or any State Government; (c) in unencumbered securities mentioned under section 20 of the Indian Trusts Act, 1882; or (d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882. Such invested amount shall not be used for any purpose other than for redemption for debentures maturing during the financial year which is ending on the 31st day of March of the next year. Further, the invested amount shall not, at any time, fall below 15% of the amount of the debentures maturing in such financial year.

Face Value

The face value of each of the Secured NCDs shall be ₹ 1,000.00.

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 as may be prescribed under the Companies Act, 2013, the SEBI LODR Regulations and any other applicable law.

Rights of the Secured NCD Holders

Some of the significant rights available to the Secured NCD Holders are as follows:

1. The Secured NCDs shall not, except as provided in the Companies Act, 2013 to the extent applicable as on the date of this Tranche III Prospectus, confer upon the Secured NCD Holders thereof any rights or privileges available to our members including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. In terms of section 136 of the Companies Act, the Secured NCD Holders shall be entitled to inspect a copy of the balance sheet and copy of trust deed at the registered office of the Company during business hours.

2. Subject to applicable statutory/ regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Secured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.

3. In case of Secured NCDs held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depository; and (ii) physical form, the registered Secured NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such Secured NCDs, either in person or by proxy, at any meeting of the concerned Secured NCD Holders and every such Secured NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.

4. The Secured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, applicable provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Tranche III Prospectus, the Shelf Prospectus, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Secured NCDs.

5. For Secured NCDs in physical form, a register of debenture holders will be maintained in accordance with section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of the Issuer under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD holders as given thereunder.

6. Subject to compliance with RBI requirements, Secured NCDs can be rolled over only with the consent of the Secured NCD Holders of at least 75.00% of the outstanding amount of the Secured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD Holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of this Tranche III Prospectus, the Shelf Prospectus and the Debenture Trust Deed.

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. ₹ 750 million. If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 750 million within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within the timelines prescribed under Applicable Law. In the event, there is a delay, by our Company in making the aforesaid refund within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Market Lot and Trading Lot

The NCDs shall be allotted only in dematerialized form. As per the SEBI Debt Regulations, the trading of the NCDs shall be in dematerialised form only. Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in the Tranche III Issue will be in electronic form in multiples of one NCD. For details of Allotment see the section titled "*Issue Procedure*" at page 148 of this Tranche III Prospectus.

Nomination facility to NCD Holders

In accordance with 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 any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the NCD Holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale of the NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office, at such other addresses as may be notified by us, or at the office of the Registrar to the Issue or the transfer agent.

NCD Holders are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCDs to the nominee in the event of demise of the NCD Holders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with the Section 72 read with Rules under Chapter IV of Companies Act, 2013, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

(a) To register himself or herself as the holder of the NCDs; or
(b) To make such transfer of the NCDs, as the deceased holder could have done.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company.

Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant.

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

A person, being a nominee, becoming entitled to Secured NCDs by reason of the death of the Secured NCD Holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered Secured NCD Holder except that he shall not, before being registered as a Secured NCD Holder in respect of such Secured NCDs, be entitled in respect of these Secured NCDs to exercise any right conferred by subscription to the same in relation to meetings of the Secured NCD Holders convened by the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Secured NCDs, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of interests, bonuses or other moneys payable in respect of the said Secured NCDs, until the requirements of the notice have been complied with.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Secured NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of Secured NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Succession

Where NCDs are held in joint names and one of the joint NCD Holder 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 NCDs. In the event of demise of the sole or first holder of the NCDs, our 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 NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Directors, the Board, any committee of the Board or any other person authorised by the Board in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of 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.

Jurisdiction

Exclusive jurisdiction for the purpose of this Tranche III Issue is with the competent courts of jurisdiction in Mumbai, India.

Tranche III Issue programme

TRANCHE III ISSUE OPENS ON	SEPTEMBER 27, 2019
TRANCHE III ISSUE CLOSES ON	OCTOBER 30, 2019

The subscription list shall remain open for subscription on Working Days from 10 A.M. to 5 P.M., during the period indicated above, except that the Tranche III Issue may close on such earlier date or extended date as may be decided by the Board or the NCD Committee. In the event of such an early closure of or extension subscription list of the Tranche III Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure.

Applications Forms for this Tranche III 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 Tranche III Issue Period. On the Tranche III 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.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchange on the Tranche III Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Tranche III Issue Closing Date and, not later than 3.00 p.m. (Indian Standard Time) on the Tranche III Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Tranche III Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Tranche III Issue. Application Forms will only be accepted on Working Days during the Tranche III Issue Period. Neither our Company, nor the Members of the Syndicate are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI circular dated October 29, 2013, the allotment in the Tranche III Issue should be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

Restriction on transfer of NCDs

There are currently no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any RBI requirements and/or as provided in our Articles of Association. Please see the section titled "*Summary of the Key Provisions of the Articles of Association*" at page 239 of the Shelf Prospectus.

ISSUE STRUCTURE

Public issue by the Company of Secured NCDs of face value of ₹ 1,000 for an amount upto ₹ 40,000 million. The Tranche III Issue is with a Base Issue size of ₹ 1,000 million with an option to retain oversubscription upto an amount of ₹ 9,000 million, aggregating up to ₹ 10,000 million.

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

Particulars	Terms and Conditions
Minimum Application Size	₹ 10,000 (10 NCDs)
Mode of allotment	Compulsorily in dematerialised form.
Terms of Payment	Full amount on application
Trading Lot	1 (one) NCD
Who can apply	**Category I** • Public financial institutions, statutory corporations, commercial banks, co-operative banks and RRBs and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds, pension funds, 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; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non- Banking Financial Company, a nonbanking 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; • National Investment Fund set up by resolution no. F. No. 2/3/2005 –DDII dated November 23,2005 of the Government of India published in the Gazette of India; and • Mutual Funds registered with SEBI. **Category II** • Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons. **Category III** • High Net-worth Individual Investors ("HNIs") - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above INR 1,000,000 across all options of NCDs in the Tranche III Issue **Category IV** • Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including INR 1,000,000 across all options of NCDs in the Tranche III Issue

*In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of NCDs in the 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 fulfill such request through the process of rematerialisation.

Participation by any of the above-mentioned investor classes in this Tranche III 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 Secured NCDs that can be held by them under applicable statutory and/or regulatory provisions.

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

For further details, please see "*Issue Procedure*" on page 148 of this Tranche III Prospectus.

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs**

Common Terms of NCDs

Issuer	Muthoot Finance Limited
Lead Managers	Edelweiss Financial Services Limited and A. K. Capital Services Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Type and nature of instrument	Secured redeemable non-convertible debentures of face value of ₹ 1,000 each
Base Issue	₹ 1,000 million
Option to retain Oversubscription Amount	₹ 9,000 million.
Tranche III Issue Size	₹ 10,000 million
Shelf Limit	₹ 40,000 million
Mode of Issue	Public Issue
Issue	Public issue by our Company of Secured NCDs of face value of ₹ 1,000 each, for an amount up to ₹ 40,000 million ("**Shelf Limit**"), hereinafter referred to as the "Issue". The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue (each a "**Tranche Issue**")
Face Value (in ₹ / NCD)	₹ 1,000
Issue Price (in ₹ / NCD)	₹ 1,000
Minimum application	₹ 10,000 (10 NCDs) (for all options of NCDs, namely Option I, Option II, Option III, Option IV, Option V, Option VI, Option VII, Option VIII, Option IX and Option X).
In multiples of	₹ 1,000.00 (1 NCD)
Seniority	Senior (to clarify, the claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of ours and shall rank pari passu inter se, present and future 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 *pari passu* charge on the identified immovable property and a first *pari passu* charge on current assets, book debts, loans and advances, and receivables including gold loan receivables, both present and future, of our Company.
Tranche III Issue	Public Issue by the Company of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("**NCDs**") for an amount of ₹ 1,000 million ("**Base Issue**") with an option to retain oversubscription up to ₹ 9,000 million aggregating upto 10,000,000 NCDs amounting to ₹ 10,000 million ("**Tranche III Issue Limit**") ("**Tranche III Issue**") which is within the shelf limit of ₹ 40,000 million and is being offered by way of this Tranche III Prospectus dated September 19, 2019 containing, inter alia, the terms and conditions of this Tranche III Issue ("**Tranche III Prospectus**"), which should be read together with the Shelf Prospectus dated February 05, 2019 ("**Shelf Prospectus**") filed with the Registrar of Companies, Kerala and Lakshadweep, the Stock Exchange and the SEBI.
Mode of Issue	Public Issue
Listing	BSE BSE shall be the Designated Stock Exchange for this Tranche III Issue. The NCDs are proposed to be listed within 6 Working Days from the respective Tranche III Issue Closing Date.
Lock-in	N.A.
Mode of Allotment and Trading	NCDs will be issued and traded compulsorily in dematerialised form.
Mode of settlement	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Trading Lot	One (1) NCD
Depositories	NSDL and CDSL
Security	Security for the purpose of this Tranche III Issue will be created in accordance with the terms of the Debenture Trust Deed. For further details please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Who can apply/ Eligible Investors	Please refer to the section titled "*Issue Procedure*" beginning on page 148 of this Tranche III Prospectus.
Credit Ratings	

Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated	Rating definition

ICRA	NCDs	"[ICRA] AA(Stable)"	December 31, 2018 and further revalidated by letters dated January 30, 2019, April 24, 2019 and August 28, 2019	Secured NCDs for ₹ 40,000.00 million rated "[ICRA] AA (Stable)"	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CRISIL	NCDs	"CRISIL AA/Stable"	January 18, 2019 and further revalidated by letters dated January 31, 2019, April 22, 2019 and September 03, 2019	Secured NCDs for ₹ 40,000.00 million rated "CRISIL AA/Stable"	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

	Please refer to pages 227 to 253 of this Tranche III Prospectus for rating letter and rationale for the above ratings. Please refer to the disclaimer clause of ICRA and CRISIL on page 38 under the chapter "*General Information*" of this Tranche III Prospectus.
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Record Date	The Record Date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Company to the Stock Exchanges, will be deemed as the Record Date.
Tranche III Issue Schedule*	The Tranche III Issue shall be open from September 27, 2019 to October 30, 2019 with an option to close earlier and/or extend upto a period as may be determined by the NCD Committee
Objects of the Issue	Please refer to the section titled "*Objects of the Issue*" on page 79 of this Tranche III Prospectus.
Details of the utilisation of Issue proceeds	Please refer to the section titled "*Objects of the Issue*" on page 79 of this Tranche III Prospectus.
Coupon rate, coupon payment date and redemption premium/discount	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Step up/ Step down interest rates	N.A.
Interest type	Fixed
Interest reset process	N.A.
Tenor	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Coupon payment frequency	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Redemption date	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Redemption Amount	Please refer to the section titled "*Issue Structure*" beginning on page 131 of this Tranche III Prospectus.
Day count convention	Actual/Actual
Working Days convention/Day count convention / Effect of holidays on payment	All days excluding the second and the fourth Saturday of every month, Sundays and a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Tranche III Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche III Issue Closing Date to the listing of the NCDs, Working Days shall be all trading days of stock exchanges excluding Sundays and bank holidays in Mumbai. Interest shall be computed on a 365 days-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.

	If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (the "**Effective Date**"). Interest or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the coupon/interest accrued on the NCDs until but excluding the date of such payment.
Tranche III Issue Opening Date	September 27, 2019
Tranche III Issue Closing Date	October 30, 2019
Default interest rate	In the event of any default in fulfillment of obligations by our Company under the Debenture Trust Deeds, the default interest rate payable to the applicant shall be as prescribed under the Debenture Trust Deeds.
Put/Call Option Date/Price	N.A.
Deemed Date of Allotment	The date on which the Board or the duly authorised committee of the Board constituted by resolution of the Board dated May 16, 2018 approves the Allotment of the NCDs for the Tranche III Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.
Transaction documents	Issue Agreement dated January 28, 2019 between our Company and the Lead Managers, the Registrar Agreement dated January 28, 2019 with the Registrar to the Issue, the Public Issue Account Agreement dated September 17, 2019 with the Public Issue Account Bank and the Refund Bank, the Lead Managers and the Registrar to the Issue, the Lead Broker Agreement dated September 17. 2019 with the Lead Brokers and Lead Managers, the Debenture Trustee Agreement dated January 28, 2019 executed between our Company and the Debenture Trustee and the Debenture Trust Deed to be executed between our Company and the Debenture Trusteefor creating the security over the Secured NCDs issued under the Tranche III Issue and to protect the interest of NCD Holders under the Tranche III Issue.
Conditions precedent and subsequent to the Tranche III Issue	The conditions precedent and subsequent to disbursement will be finalised upon execution of the Debenture Trust Deed.
Events of default	Please refer to the section titled "*Issue Structure-Events of default*" on pages 146 of this Tranche III Prospectus.
Cross Default	Please refer to the section titled "*Issue Structure-Events of default*" on pages 146 of this Tranche III Prospectus.
Roles and responsibilities of the Debenture Trustee	Please refer to the section titled "*Issue Structure-Trustees for the Secured NCD Holders*" on page 146 of this Tranche III Prospectus.
Governing law and jurisdiction	This Tranche III 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 Mumbai.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of NCDs in the 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 fulfill such request through the process of rematerialisation.
*

*The subscription list shall remain open for subscription on Working Days from 10 A.M. to 5 P.M., during the period indicated above, except that the Tranche III Issue may close on such earlier date or extended date as may be decided by the Board or the NCD Committee. In the event of such an early closure of or extension subscription list of the Tranche III Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Tranche III 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 BSE, on Working Days during the Tranche III Issue Period. On the Tranche III Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 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.

**Please refer to Schedule A for details pertaining to the cash flows of the Company in accordance with the SEBI circulars bearing numbers CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Nature of the Secured NCDs****

We are offering Secured NCDs which shall have a fixed rate of interest. The Secured NCDs will be issued at a face value of ₹ 1,000.00 per NCD. Interest on the Secured NCDs shall be payable in the manner, as set out hereinafter. The terms of the Secured NCDs offered pursuant to the Trance III Issue are as follows:

Terms and conditions in connection with Secured NCDs**** Options	I	II	III	IV	V	VI	VII	VIII	IX	X
Frequency of Interest Payment	**Monthly***	**Monthly***	**Monthly***	**Annually****	**Annually****	**Annually****	**NA**	**NA**	**NA**	**NA**
Who can apply	**All categories of investors (Category I, II ,III and IV)**									
Minimum Application	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)
In multiples of	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)	₹ 1,000.00 (1 NCD)
Face Value of NCDs (` / NCD)	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00
Issue Price (` / NCD)	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00	₹ 1,000.00
Tenor from Deemed Date of Allotment	24 months	38 months	60 months	24 months	38months	60 months	24 months	38 months	60 months	90 months
Coupon Rate	9.25%	9.50%	9.75%	9.50%	9.75%	10.00%	N.A	N.A	N.A	N.A
Effective Yield (Per annum)*****	9.25%	9.50%	9.75%	9.50%	9.75%	10.00%	9.25%	9.50%	9.75%	9.67%
Mode of Payment	Through various options available									
Amount (` / NCD) on Maturity***	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,193.56	₹ 1,333.72	₹ 1,592.29	₹ 2,000.00
Maturity Date (From Deemed Date of Allotment)	24 months	38 months	60 months	24 months	38 months	60 months	24 months	38 months	60 months	90 months
Nature of indebtedness	**Secured redeemable non-convertible**									

* With respect to Options where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

** With respect to Options where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under annual Options will be made at the time of redemption of the NCDs.

*****Subject to applicable tax deducted at source, if any*
**** Please refer to Schedule A 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 CIR/IMD/DF-1/122/2016 dated November 11, 2016.
***** On Options I, II and III, monthly interest payment is not assumed to be reinvested for the purpose of calculation of Effective Yield (per annum).
Our Company would allot the Option IV NCDs, as specified in this Tranche III Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant option of NCDs.

Interest and Payment of Interest

For avoidance of doubt, with respect to Option I, Option II, Option III for Secured NCDs where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such Secured NCDs, and paid on the first day of every subsequent month. For the first interest payment for Secured NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

With respect to Option IV, Option V and Option VI where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the Secured NCDs. The last interest payment under Annual options will be made at the time of redemption of the Secured NCDs.

A. Interest

In case of Option I Secured NCDs, interest would be paid on a monthly basis at 9.25% per annum to all categories of investors. Option I Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.

In case of Option II Secured NCDs, interest would be paid on a monthly basis at 9.50% per annum to all categories of investors. Option II Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 38 months from the Deemed Date of Allotment.

In case of Option III Secured NCDs, interest would be paid on a monthly basis at 9.75% per annum to all categories of investors. Option III Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

In case of Option IV Secured NCDs, interest would be paid on an annual basis at 9.50% per annum to all categories of investors. Option IV Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.

In case of Option V Secured NCDs, interest would be paid on an annual basis at 9.75% per annum to all categories of investors. Option V Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 38 months from the Deemed Date of Allotment.

In case of Option VI Secured NCDs, interest would be paid on an annual basis at 10.00% per annum to all categories of investors. Option VI Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

Option VII Secured NCDs shall be redeemed at ₹ 1,193.56 for all categories of investors at the end of 24 months from the Deemed Date of Allotment.

Option VIII Secured NCDs shall be redeemed at ₹ 1,333.72 for all categories of investors at the end of 38 months from the Deemed Date of Allotment.

Option IX Secured NCDs shall be redeemed at ₹ 1,592.29 for all categories of investors at the end of 60 months from the Deemed Date of Allotment.

Option X Secured NCDs shall be redeemed at ₹ 2,000 for all categories of investors at the end of 90 months from the Deemed Date of Allotment.

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

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

Taxation

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

However in case of Secured NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such Secured NCDs held by the investor, if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the Secured NCDs, then the tax will be deducted at applicable rate. However in case of Secured NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the Secured NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar quoting the name of the sole/ first Secured NCD Holder, NCD folio number and the distinctive number(s) of the Secured NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the Secured NCD. The investors need to submit Form 15H/ 15G/certificate in original with the Assessing Officer for each financial year during the currency of the Secured NCD to ensure non-deduction or lower deduction of tax at source from interest on the Secured NCD.

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

Payment of Interest

For Secured NCDs subscribed under Option I, Option II, Option III, interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such Secured NCDs, and paid on the first day of every subsequent month. For the first interest payment for Secured NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month. On Option IV, Option V and Option VI, the relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the Secured NCD and the last interest payment under annual Options will be made at the time of redemption of the Secured NCDs. The last interest payment for Secured NCDs subscribed under Option I, Option II, Option III, Option IV, Option V and Option VI will be made at the time of redemption of the Secured NCD.

On Option VII, Option VIII, Option IX and Option X NCDs shall be redeemed at the end of 24 months, 38 months, 60 months and 90 months from the Deemed Date of Allotment.

Amount of interest payable shall be rounded off to the nearest Rupee. If the date of interest payment falls on the second or fourth Saturday on any month, Sunday or a public holiday in Kochi or Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest as due and payable on such day, would be paid on the next Working Day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Interest for each of the interest periods shall be calculated, on the face value of principal outstanding on the Secured NCDs at the applicable Coupon Rate for each Category rounded off to the nearest Rupee and same shall be paid annually. Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. However, if period from deemed date of allotment/anniversary date of allotment till one day prior to next anniversary date/redemption date includes February 29th, interest shall be computed on 366 days a-year basis.

Payment of Interest to Secured NCD Holders

Payment of interest will be made to (i) in case of Secured NCDs in dematerialised form the persons who for the time being appear in the register of beneficial owners of the Secured NCD as per the Depositories as on the Record Date and (ii) in case of Secured NCDs in physical form, the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the 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 Secured NCD Holders. 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 effect payments to Secured NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details see the section titled "*Issue Structure - Manner of Payment of Interest / Refund / Redemption*" beginning at pages 140 of this Tranche III Prospectus.

Maturity and Redemption

For Secured NCDs subscribed under Option I, Option II, Option III, Option IV, Option V, Option VI the relevant interest will be paid in the manner set out in "*Issue Structure- Payment of Interest*" at page 138. The last interest payment will be made at the time of redemption of the Secured NCD. On Option VII, Option VIII, Option IX and Option X shall be redeemed at the end of 24 months, 38 months, 60 months and 90 months from the Deemed Date of Allotment.

Options	Maturity period/Redemption (as applicable)
I	24 months from the Deemed Date of Allotment
II	38 months from the Deemed Date of Allotment
III	60 months from the Deemed Date of Allotment
IV	24 months from the Deemed Date of Allotment
V	38 months from the Deemed Date of Allotment
VI	60 months from the Deemed Date of Allotment
VII	24 months from the Deemed Date of Allotment
VIII	38 months from the Deemed Date of Allotment
IX	60 months from the Deemed Date of Allotment
X	90 months from the Deemed Date of Allotment

Deemed Date of Allotment

Deemed Date of Allotment shall be the date on which the Board or the NCD Committee of the Board constituted by resolution of the Board dated May 16, 2018 approves the Allotment of the NCDs for the Tranche III Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.

Application Size

Each application should be for a minimum of 10 NCDs and multiples of 1 NCD thereafter (for all options of NCDs, namely Option I, Option II, Option III, Option IV, Option V, Option VI, Option VII, Option VIII, Option IX and Option X either taken individually or collectively). The minimum application size for each application for Secured NCDs would be ₹ 10,000.00 and in multiples of ₹ 1,000.00 thereafter.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Secured NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price per NCD, as specified in this Tranche III Prospectus, 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 unblock the excess amount paid on application to the applicant in accordance with the terms of this Tranche III Prospectus.

Record Date

The Record Date for payment of interest in connection with the Secured NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the Secured NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of Secured NCDs and the date of redemption or as prescribed by the relevant stock exchange(s), 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, or a date notified by the Company to the Stock Exchanges, will be deemed as the Record Date.

Manner of Payment of Interest / Refund / Redemption*

The manner of payment of interest / refund / redemption in connection with the Secured NCDs is set out below*:

For Secured NCDs applied / held in electronic form

The bank details will be obtained from the Depositories for payment of interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of interest / refund / redemption amounts to the Applicant at the Applicant's sole risk, and neither the Lead Managers our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

For Secured NCDs held in physical form due to rematerialisation

The bank details will be obtained from the Registrar to the Issue for payment of interest / refund / redemption as the case may be.

**In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹1,837.50, then the amount shall be rounded off to ₹1,838.*

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. **Direct Credit**

   Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker. Interest / redemption amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

2. **NACH**

National Automated Clearing House which is a consolidated system of ECS. Payment of refund 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 refund 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 refund 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 refunds through NEFT or Direct Credit or RTGS.

3. **RTGS**

Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to 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 payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. **NEFT**

Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have 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. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, 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 demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. **Registered Post/Speed Post**

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of Secured NCD, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to Secured NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of Secured NCDs held in physical form either on account of rematerialisation or transfer, the Secured NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the Secured NCD Holders as available in the records of our Company either through speed post or registered post.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against Secured NCDs

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. However, if the RBI subsequently permits the extension of loans by NBFCs against the security of its debentures issued by way of private placement or public issues, the Company may consider granting loans against the security of such Secured NCDs, subject to terms and conditions as may be decided by the Company at the relevant time, in compliance with applicable law.

Buy Back of Secured NCDs

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

Form and Denomination

In case of Secured NCDs held in physical form, a single certificate will be issued to the Secured NCD Holder for the aggregate amount of the Secured NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of Secured NCD certificates in denomination of one NCD ("**Market Lot**"). In case of NCDs held under different Options by a Secured NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held under each Option.

It is however distinctly to be understood that the Secured NCDs pursuant to this Tranche III Issue shall be traded only in demat form.

In respect of Consolidated Certificates, we will, only upon receipt of a request from the Secured NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of Secured NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the Secured NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

Procedure for Redemption by Secured NCD holders

The procedure for redemption is set out below:

Secured NCDs held in physical form:

No action would ordinarily be required on the part of the Secured NCD Holder at the time of redemption and the redemption proceeds would be paid to those Secured NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the Secured NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the Secured NCD certificates) be surrendered for redemption on maturity and should be sent by the Secured NCD Holders 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. Secured NCD Holders may be requested to surrender the Secured NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the Secured NCDs without the requirement of surrendering of the Secured NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of Secured NCDs need not submit the Secured NCD certificates to us and the redemption proceeds would be paid to those Secured NCD holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of redemption of Secured NCDs. In such case, the Secured NCD certificates would be deemed to have been cancelled. Also see the para "*Payment on Redemption*" given below.

Secured NCDs held in electronic form:

No action is required on the part of Secured NCD holder(s) at the time of redemption of Secured NCDs.

Payment on Redemption

The manner of payment of redemption is set out below*.

Secured NCDs held in physical form

The payment on redemption of the Secured NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of Secured NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the Secured NCD certificates). Despatch of cheques/ pay orders, 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 Secured NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 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 to the Issue.

Our liability to Secured NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the Secured NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the Secured NCDs.

Secured NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque/ pay order/ electronic mode to those Secured 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 Secured NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the Secured NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of Secured NCD Holders.

Our liability to Secured NCD Holders towards his/their rights including for payment/ redemption in all events shall end when we dispatch the redemption amounts to the Secured NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the Secured NCDs.

*In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.5, then the amount shall be rounded off to ₹ 1,838.

Right to reissue Secured NCD(s)

Subject to the provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable on the date of this Tranche III Prospectus, where we have fully redeemed or repurchased any Secured NCDs, we shall have and shall be deemed always to have had the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or re-issue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such Secured NCDs either by reselling or re-issuing the same Secured NCDs or by issuing other Secured NCDs in their place. The aforementioned right includes the right to reissue original Secured NCDs.

Transfer/Transmission of Secured NCD(s)

For Secured NCDs held in physical form

The Secured NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act/ the Companies Act, 2013 applicable as on the date of this Tranche III Prospectus and all other applicable laws including FEMA and the rules and regulations thereunder. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles, the Companies Act/the relevant provisions of the Companies Act, 2013 applicable as on the date of this Tranche III Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, *mutatis mutandis* (to the extent applicable to debentures) to the Secured NCDs as well. In respect of the Secured NCDs held in physical form, a common form of transfer shall be used for the same. The Secured NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed at prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders or the records as maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with the Issuer or Registrar.

For Secured NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

In case the recipient of the NCDs in physical form wants to hold the NCDs in dematerialized form, he can choose to dematerialize the securities through his DP.

Any trading of the NCDs issued pursuant to this Tranche III Issue shall be compulsorily in dematerialized form only.

Title

In case of:

- Secured NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and

- the Secured NCDs held in physical form, the person for the time being appearing in the register of NCD Holders as Secured 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 whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificates issued in respect of the Secured NCDs and no person will be liable for so treating the Secured NCD holder.

No transfer of title of a NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners 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 the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the Secured NCDs will need to be settled with the seller of the Secured NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act/ the relevant provisions of the Companies

Act, 2013 applicable as on the date of this Tranche III Prospectus shall apply, mutatis mutandis (to the extent applicable) to the Secured NCD(s) as well.

Common form of transfer

The Issuer undertakes that there shall be a common form of transfer for the Secured NCDs and the provisions of the Companies Act, 2013 and all applicable laws including the FEMA and the rules and regulations thereunder shall be duly complied with in respect of all transfer of debentures and registration thereof.

Joint-holders

Where two or more persons are holders of any Secured NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

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 Secured 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 Secured NCD Holders required to be given by us or the Debenture Trustee will be sent by speed post or registered post or through email or other electronic media to the registered Secured NCD Holders from time to time.

Issue of Duplicate NCD Certificate(s) issued in physical form

If NCD certificate(s) is/ are mutilated or defaced or the cages for recording transfers of Secured NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the 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 Secured NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Security

The principal amount of the Secured NCDs to be issued in terms of this Tranche III Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first *pari passu* charge on the identified immovable property and a first *pari passu* charge on current assets, book debts, loans and advances, and receivables including gold loan receivables, both present and future, of our Company.

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

Our Company has entered into an agreement with the Debenture Trustee, ('**Debenture Trust Deed'**), the terms of which governs the appointment of the Debenture Trustee and the issue of the Secured NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and utilize the funds only after the stipulated security has been created and upon receipt of listing and trading approval from the Designated Stock Exchange.

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

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or a higher value.

Trustees for the Secured NCD holders

We have appointed IDBI Trusteeship Services Limited to act as the Debenture Trustees for the Secured NCD Holders. The Debenture Trustee and the Company will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Secured NCD Holders 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 Secured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Secured NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the Secured NCD Holders shall discharge us pro tanto to the Secured NCD Holders.

The Debenture Trustee will protect the interest of the Secured 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 Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution, passed at a meeting of the 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 series of Secured NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the Secured NCDs on the due date(s); and
(ii) two consecutive defaults are committed in payment of any interest on the NCDs on the due date(s).

Lien

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. The Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Secured NCD holders or deposits held in the account of the Secured NCD holders, whether in single name or joint name, to the extent of all outstanding dues by the Secured NCD holders to the Company, subject to applicable law.

Lien on pledge of Secured NCDs

The Company may, at its discretion note a lien on pledge of Secured NCDs if such pledge of Secured NCD is accepted by any thirty party bank/institution or any other person for any loan provided to the Secured NCD holder against pledge of such Secured NCDs as part of the funding, subject to applicable law.

Future Borrowings

We shall be entitled to make further issue of secured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency without the consent of, or notification to or consultation with the holder of Secured NCDs or the Debenture Trustee by creating a charge on any assets, provided the stipulated security cover is maintained.

We shall be entitled to make further issue of unsecured debentures and/or raise unsecured term loans or raise further unsecured funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency without the consent of, or notification to or in consultation with the holder of Secured NCDs or the Debenture Trustee.

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

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed in Schedule A.

ISSUE PROCEDURE

This section applies to all Applicants. Please note that all Applicants are required to ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. An amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.

Applicants should note that they may submit their Applications to the Designated Intermediaries.

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Tranche III 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 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 ("Debt Application Circular") 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 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 Tranche III Issue.

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE(S) WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE TRANCHE III PROSPECTUS, THE TRANCHE III ISSUE OPENING DATE AND THE TRANCHE III ISSUE CLOSING DATE.

THE MEMBERS OF THE SYNDICATE AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean with reference to Tranche III Issue Period where working days shall mean all days excluding the second and the fourth Saturday of every month, Sundays and a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Tranche III Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche III Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai.

Who can apply?

The following categories of persons are eligible to apply in the Tranche III Issue.

Category I

- Public financial institutions, statutory corporations, commercial banks, co-operative banks and RRBs and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds, pension funds, 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 IRDA;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non- Banking Financial Company, a nonbanking 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;
- National Investment Fund set up by resolution no. F. No. 2/3/2005 –DDII dated November 23,2005 of the Government of India published in the Gazette of India; and
- Mutual Funds registered with SEBI.

Category II

- Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Public/ private charitable/ religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III

- High Net-worth Individual Investors ("**HNIs**") - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above INR 1,000,000 across all options of NCDs in the Tranche III Issue

Category IV

- Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including INR 1,000,000 across all options of NCDs in the Tranche III Issue.

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 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 Tranche III Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Tranche III Issue.

The information below is given for the benefit of Applicants. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Shelf Prospectus and this Tranche III Prospectus.

How to apply?

Availability of the Draft Shelf Prospectus, the Shelf Prospectus, the Tranche III Prospectus, Abridged Prospectus and Application Forms

Please note that there is a single Application Form for all Applicants.

Copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms and copies of the Shelf Prospectus may be obtained from our Registered Office, the Lead Managers, the Registrar, the Lead Brokers and the Designated Branches of the SCSBs. Additionally the Shelf Prospectus, this Tranche III Prospectus and the Application Forms will be available

(i) for download on the website of BSE at www.bseindia.com, and the website of the Lead Managers at www.edelweissfin.com and www.akgroup.co.in.

(ii) at the designated branches of the SCSB and the Designated Intermediaries at the Syndicate ASBA Application Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Managers and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Methods of Application

An eligible investor desirous of applying in the Tranche III Issue can make Applications only through the ASBA process

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized 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 exchanges 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 the Applicants will not have the option to apply for NCDs under the Tranche III Issue, through the direct online applications mechanism of the Stock Exchange. 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 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 Tranche III Issue.

Applicants intending to subscribe in the Tranche III Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the CRTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from 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 Tranche III Issue should be made by Applicants directly to the relevant Stock Exchange.

Application Size

Each Application should be for a minimum of 10 NCDs and in multiples of one NCD thereafter for all options of NCDs, (namely Option I, Option II, Option III, Option IV, Option V, Option VI, Option VII, Option VIII, Option IX or Option X either taken individually or collectively).

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

A mutual fund scheme cannot invest more than 15.00% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20.00% of the NAV of the scheme with the prior approval of the board of trustees and the board of asset management company.

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 the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Banks, Co-operative Banks and RRBs

Scheduled Banks, Co-operative Banks and RRBs can apply in this Tranche III Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) a board resolution authorising investments; and (ii) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Application by Insurance Companies

In case of Applications for Allotment of the NCDs made by an Insurance Company, a certified copy of its certificate of registration issued by IRDA must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) its Memorandum and Articles of Association; (ii) a power of attorney (iii) a resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (ii) a resolution authorising the investment and containing operating instructions; and (iii) specimen signatures of authorised persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the

NCDs in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the NCDs shall at all time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

Applications by Trusts

In case of Applications for Allotment of the NCDs made by trusts, settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, Applicants must submit a (i) a certified copy of the registered instrument for creation of such trust; (ii) a 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 the Tranche III Issue must ensure that (a) they are authorised 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 for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs

Applications by Public Financial Institutions or statutory corporation for Allotment of the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

Applications made by companies, bodies corporate and registered societies for Allotment of the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along 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.

In case of Applications made pursuant to a power of attorney by Applicants from Category II and Category III, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Invest Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications cannot be made by:

(a) Minors without a guardian name (A guardian may apply on behalf of a minor. However, the name of the guardian will need to be mentioned on the Application Form);
(b) Foreign nationals;
(c) Persons resident outside India;
(d) Foreign Institutional Investors;
(e) Non Resident Indians;
(f) Qualified Foreign Investors;
(g) Overseas Corporate Bodies;
(h) Foreign Venture Capital Funds;
(i) Persons ineligible to contract under applicable statutory/ regulatory requirements.

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 Exchanges by the Designated Intermediaries.

APPLICATIONS FOR ALLOTMENT OF NCDs

Submission of Applications

This section is for the information of the Applicants proposing to subscribe to the Tranche III Issue. The Lead Managers 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 Tranche III Prospectus. Applicants 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, Lead Managers 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 Lead Brokers, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Tranche III 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 (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Members of the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs at the Designated CRTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

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 Applicant'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 Bidding 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 Bidding 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 Exchanges 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 Tranche III Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries (other than Trading Members of the Stock Exchanges) at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Tranche III Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the electronic version of this Tranche III 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 Applications directly from Applicants only during the Tranche III Issue Period. The SCSB shall not accept any Application directly from Applicants after the closing time of acceptance of Applications on the Tranche III 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 Tranche III Issue Closing Date, if the Applications have been uploaded. For further information on the Tranche III Issue programme, please refer to "*Issue Structure*" on page 131 of this Tranche III Prospectus.

(c) 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 dematerialized form only.

Submission of Direct Online Applications

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 Exchanges.

In the event the Direct Online Application facility is implemented by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("UAN") and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of Secured NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Tranche III Issue.

As per the Debt Application Circular issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification,

modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

Payment instructions

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of intimation from the Registrar to this Tranche III Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account Agreement. 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 6 (six) Working Days of the Tranche III 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 the Tranche III Issue or until rejection of the Application, as the case may be.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted through the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediary or the relevant Designated Branch, they are liable to be rejected.

4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

Filing of the Shelf Prospectus and Tranche III Prospectus with ROC

A copy of the Shelf Prospectus has been filed with the ROC in accordance with section 26 and section 31 of the Companies Act, 2013 on February 05, 2019 and the Tranche III Prospectus shall be filed with the ROC in accordance with section 26 and section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Tranche III Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of this Tranche III Prospectus with the ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche III Prospectus, the Abridged 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 must be for a minimum of 10 (Ten) NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 (Ten) NCDs, an Applicant may choose to apply for 10 (Ten) NCDs or more in a single 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 8^{th} 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 a valid 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.
- 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 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
- 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 Stock Exchanges 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.If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account;
- For Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will 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 Exchanges 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 as appearing on the records of the DP, the Registrar to the Issue will issue Allotment Advice to the Applicants. 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 delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, Bankers to the Issue , SCSBs, Registrar to the Issue nor the Stock Exchanges 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 the Tranche III 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 Secured NCDs pursuant to the Tranche III 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 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 general index register number i.e. 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 made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application 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, subject to a minimum application size of ₹ 10,000/- and in multiples of ₹ 1,000 thereafter as specified in this Tranche III Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** 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 HUF 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 the Tranche III Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do’s and Don’ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do’s

1. Check if you are eligible to apply as per the terms of the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche III 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 the Tranche III Issue;
4. Ensure that the DP ID and Client ID and 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 shall be 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 Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;
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 Bidding Centre;
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Tranche III Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;
12. Ensure that signatures other than in the languages specified in the 8^{th} Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
14. 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;
15. 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 Tranche III Issue Closing Date. For further information on the Tranche III Issue programme, please refer to “***Issue Structure***” on page 131 of this Tranche III Prospectus.
16. **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;

17. 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;
18. All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form.

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.

SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 stipulating the time between closure of the Tranche III Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don’ts:

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;
3. Do not send Application Forms by post instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be;
4. Do not submit the Application Form to any non-SCSB bank or our Company.
5. Do not submit 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 Tranche III 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 Forms 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 Application Forms 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 the Tranche III 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); and
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 Tranche III Issue; and
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 refer to "*Rejection of Applications*" on page 163 of this Tranche III Prospectus for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Specified City 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). 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 Exchanges. 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 the Tranche III 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 6 (six) Working Days of the Tranche III 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 the Tranche III Issue or until rejection of the Application, as the case may be.

Payment mechanism for Direct Online Applicants

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 Exchanges.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	**To whom the Application Form has to be submitted**
ASBA Applications	*(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Bidding Centres or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or* *(ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.*

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 Exchanges.

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 Exchanges. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. **The Lead Managers, 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 or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Lead Brokers, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms**

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 Exchanges. 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 Exchanges will offer an electronic facility for registering Applications for the Tranche III Issue. This facility will be available on the terminals of the Designated Intermediaries and the SCSBs during the Tranche III 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 the Tranche III Issue Closing Date. On the Tranche III 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 Exchanges. 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 Tranche III 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 Tranche III Issue programme, please refer to "***Issue Structure***" on page 131 of this Tranche III Prospectus.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, 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
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- 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
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Location
- Application amount

(e) A system generated acknowledgement 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 163 of this Tranche III Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchanges to use their 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 Managers are cleared or approved by the Stock Exchanges; 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 Tranche III Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.

(h) **Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment**. The Lead Managers, 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 Exchanges. 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 Tranche III Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Tranche III 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 any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(i) 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);
(ii) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicant's ASBA Account maintained with an SCSB;
(iii) Applications not being signed by the sole/joint Applicant(s);
(iv) Investor Category in the Application Form not being ticked;
(v) 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;

(vi) Applications where a registered address in India is not provided for the Applicant;

(vii) 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);

(viii) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(ix) 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;

(x) DP ID and Client ID not mentioned in the Application Form;

(xi) GIR number furnished instead of PAN;

(xii) Applications by OCBs;

(xiii) Applications for an amount below the minimum application size;

(xiv) Submission of more than five Application per ASBA Account;

(xv) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(xvi) Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;

(xvii) Applications accompanied by Stockinvest/ cheque/ money order/ postal order/ cash;

(xviii) 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);

(xix) Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.

(xx) Date of birth for first/sole Applicant (in case of Category III) not mentioned in the Application Form.

(xxi) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant

(xxii) 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;

(xxiii) 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 Intermediaries, as the case may be;

(xxiv) Applications not having details of the ASBA Account to be blocked;

(xxv) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;

(xxvi) 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;

(xxvii) 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;

(xxviii) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(xxix) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(xxx) Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;

(xxxi) Applications by any person outside India;

(xxxii) Applications by other persons who are not eligible to apply for NCDs under the Tranche III Issue under applicable Indian or foreign statutory/regulatory requirements;

(xxxiii) Applications not uploaded on the online platform of the Stock Exchanges;

(xxxiv) Applications uploaded after the expiry of the allocated time on the Tranche III Issue Closing Date, unless extended by the Stock Exchanges, as applicable;

(xxxv) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Tranche III Prospectus and as per the instructions in the Application Form, the Draft Shelf Prospectus, the Shelf Prospectus and this Tranche III Prospectus;

(xxxvi) 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;

(xxxvii) Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchanges, are not as per the records of the Depositories;

(xxxviii) Applications providing an inoperative demat account number;

(xxxix) Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Public Issue Account Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

(xl) Category not ticked;

(xli) Forms not uploaded on the electronic software of the Stock Exchanges; and/or

(xlii) In case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

Kindly note that Applications submitted to the Lead Managers, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications.

Mode of making refunds

The mode of refund payments may be undertaken in the following modes:

i. **Direct Credit**

Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

ii. **NACH**

National Automated Clearing House which is a consolidated system of ECS. Payment of refund 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 refund 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 refund 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 refunds through NEFT or Direct Credit or RTGS.

iii. **RTGS**

Applicants having a bank account with a participating bank and whose interest payment / redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to 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 payment / redemption shall be made through NACH 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' banks have 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. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, 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 demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest / redemption will be made to the applicants through this method.

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 5 (five) Working Days of the Tranche III Issue Closing Date.

Our Company and the Registrar shall credit the allotted NCDs to the respective beneficiary accounts, within 5 (five) Working Days from the Tranche III Issue Closing Date.

Further,

(a) Allotment of NCDs in the Tranche III Issue shall be made within a time period of 4 (four) Working Days from the Tranche III Issue Closing Date;

(b) Credit to dematerialised accounts will be given within one Working Day from the Date of Allotment;

(c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund has not been effected within 5 (five) Working Days from the Tranche III Issue Closing Date, for the delay beyond 5 (five) Working Days; and

(d) Our Company will provide adequate funds to the Registrar for this purpose.

Retention of oversubscription

The base issue size of this Tranche III Issue is ₹ 1,000 million. Our Company shall have the option to retain oversubscription up to ₹ 9,000 million, aggregating to ₹ 10,000 million.

Basis of Allotment

The Registrar to the Issue will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid Applications for the purpose of drawing the Basis of Allotment. Grouping of the Applications received will be then done in the following manner:

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment of Secured NCDs:

A. *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together, **("Institutional Portion")**;

B. *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together, **("Non-Institutional Portion")**.

C. *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together, **("High Net Worth Individual Investors Portion")**.

D. *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together, **("Retail Individual Investors Portion")**.

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net Worth Individual Investors Portion**" and "**Retail Individual Investors Portion**" are individually referred to as "**Portion"** and collectively referred to as **"Portions"**.

For the purposes of determining the number of Secured NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue, in case our Company opts to retain any oversubscription in the Tranche III Issue up to the Tranche III Issue Limit i.e. aggregating up to ₹ 10,000 million. The aggregate value of Secured NCDs decided to be Allotted over and above the Base Issue, (in case our Company opts to retain any oversubscription in the Tranche III Issue), and/or the aggregate value of NCDs up to the Base Issue shall be collectively termed as the "Tranche III Issue Limit".

Basis of Allotment for Secured NCDs

Allocation Ratio:

Institutional Portion	Non-Institutional Portion	High Net Worth Individual Investors Portion	Retail Individual Investors Portion
10%	10%	30%	50%

(a) *Allotments in the first instance:*

(i) Applicants belonging to the Institutional Portion, in the first instance, will be allocated Secured NCDs upto 10% of Overall Tranche III Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchange;

(ii) Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated Secured NCDs upto 10% of Overall Tranche III Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchange;

(iii) Applicants belonging to the High Net Worth Individual Investors Portion, in the first instance, will be allocated Secured NCDs upto 30% of Overall Tranche III Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchange;

(iv) Applicants belonging to the Retail Individual Investors Portion, in the first instance, will be allocated Secured NCDs upto 50% of Overall Tranche III Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchange;

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 indicated at the section titled "*Issue Procedure – Basis of Allotment – Allotments in the first instance*" at page 167.

As per the SEBI circular dated October 29, 2013, the allotment in this Tranche III Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

(b) *Under Subscription:* If there is any under subscription in any Category, priority in Allotments will be given to the Retail Individual Investors Portion, High Net Worth Individual Investors Portion, and balance, if any, shall be first made to applicants of the Non Institutional Portion, followed by the Institutional Portion on a first come first serve basis, on proportionate basis.

(c) For each Category, all Applications uploaded on the same day onto the electronic platform of the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Secured NCDs uploaded into the platform of the Stock Exchange on a particular date exceeds Secured NCDs to be Allotted for each portion respectively.

(d) Minimum Allotments of 1 Secured NCD and in multiples of 1 Secured NCD thereafter would be made in case of each valid Application to all Applicants.

(e) *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 the Secured NCDs to the Applicants on a first come first basis up to the date falling

1 (one) day prior to the date of oversubscription and proportionate allotment of Secured NCDs to the applicants on the date of oversubscription (based on the date of upload of each Application on the electronic platform of the Stock Exchange, in each Portion).

(f) *Proportionate Allotments:* For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.

(ii) If the process of rounding off to the nearest integer results in the actual allocation of Secured NCDs being higher than the Tranche III Issue size, not all Applicants will be allotted the number of Secured NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.

(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.

(g) *Applicant applying for more than one Options of Secured NCDs*: If an Applicant has applied for more than one Option of Secured NCDs and in case such Applicant is entitled to allocation of only a part of the aggregate number of Secured NCDs applied for, the Option-wise allocation of Secured NCDs to such Applicants shall be in proportion to the number of Secured NCDs with respect to each Options, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Manager and the Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the nine Options and in case such Applicant cannot be allotted all the nine series, then the Applicant would be allotted Secured NCDs, at the discretion of the Company, the Registrar and the Lead Managers wherein the Secured NCDs with the least tenor i.e. Allotment of Secured NCDs with tenor of 24 months followed by Allotment of Secured NCDs with tenor of 36 months and so on.

(h) *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 6 (six) Working Days of the Tranche III Issue Closing Date.

All decisions pertaining to the basis of allotment of Secured NCDs pursuant to the Tranche III Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchanges and in compliance with the aforementioned provisions of this Tranche III Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Managers.

Our Company would allot Option IV Secured NCDs to all valid applications, wherein the applicants have selected only Secured NCDs, but have not indicated their choice of the relevant options of the Secured NCDs (Option I, Option II, Option III, Option IV, Option V, Option VI, Option VII, Option VIII, Option IX or Option X).

Applications where the Application Amount received is greater than the minimum Application Amount, and the Application Amount paid does not tally with the 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.

Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their Applications at any time prior to the Tranche III Issue Closing Date.

Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the Tranche III Issue at any time prior to the Tranche III Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue, i.e. ₹ 750 million before the Tranche III Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the Tranche III Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue, i.e. ₹ 750 million before the Tranche III Issue Closing Date.

In the event of such early closure of the Tranche III Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Tranche III Issue Closing Date of the Tranche III Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Tranche III Issue have been given.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 6 (six) Working Days of the Tranche III Issue Closing Date to the Applicants. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 6 (six) Working Days of the Tranche III Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Tranche III Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Tranche III 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 at the rate of 15% per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders within an Application is permitted during the Tranche III 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 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 Tranche III Issue Period, as allowed/permitted by the Stock Exchange(s), by submitting a written request to the Designated Intermediaries/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 Exchanges, 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 Tranche III 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 Tranche III Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Tranche III 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, the NCDs issued by us can be held in a dematerialized form. In this context:

(i) Tripartite Agreements dated December 8, 2010 and August 25, 2006, between us, the Registrar and CDSL and NSDL, respectively have been executed, for offering depository option to the Applicants.
(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
(iv) Secured NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.
(vi) It may be noted that Secured NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.
(vii) Interest or other benefits with respect to the Secured NCDs held in dematerialized form would be paid to those Secured 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 Secured NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
(viii) The trading of the Secured NCDs on the floor of the Stock Exchanges shall be in dematerialized form only.

Please note that the Secured NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such Secured NCDs) prior to redemption of the Secured NCDs.

PLEASE NOTE THAT TRADING OF SECURED NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE SECURED NCD.

Allottees will have the option to re-materialize the Secured NCDs Allotted under the Tranche III 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 Tranche III Issue (except the Applications made through the Trading Members of the Stock Exchanges) 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 Intermediaries, or Designated Branch, as the case may be, where the Application was submitted and, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Applicants may contact the Lead Managers, our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Tranche III Issue or post-Tranche III Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchanges.

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 the Tranche III Issue of Secured NCDs to public 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 Tranche III 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 Secured NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) 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) We shall utilize the Tranche III Issue proceeds only upon allotment of the Secured NCDs, execution of the Debenture Trust Deed as stated in this Tranche III Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchanges.

(f) The Tranche III 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.

(g) The allotment letter shall be issued, or Application Amount shall be unblocked within 15 days from the closure of the Tranche III Issue or such lesser time as may be specified by SEBI, or else the Application Amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

Other Undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of the Tranche III Issue will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the Secured NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the Secured NCDs listed within the specified time, i.e., within 6 Working Days of the Tranche III Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice 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 the Tranche III Issue, duly certified by the Statutory Auditor, to the Debenture Trustee;

(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 the Tranche III Issue as contained in this Tranche III Prospectus.

Our Company will disclose the complete name and address of the Debenture Trustee in its annual report

Utilisation of Application Amounts

The sum received in respect of a Tranche III Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Impersonation

Attention of the Applicants 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."

Listing

The NCDs proposed to be offered in pursuance of the Prospectus will be listed on the BSE. We have received the in-principle approval dated February 05, 2019 from the BSE. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

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 Tranche III 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 are taken within 6 (six) Working Days from the date of Allotment.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

Guarantee/Letter of Comfort

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

SECTION VI: LEGAL AND OTHER INFORMATION

PENDING PROCEEDINGS AND STATUTORY DEFAULTS

As on the date of this Tranche III Prospectus, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instruments like debentures, fixed deposits, arrears on cumulative preference shares, etc., by the Company or by public companies promoted by the Promoters and listed on the BSE or the NSE.

Save as disclosed below, there are no pending proceedings pertaining to:

(a) matters likely to affect operation and finances of the Company, promoter, director, subsidiaries, group companies, or any other person, whose outcome could have a material adverse effect on the Company, including disputed tax liabilities and contingent liabilities of any nature; and

(b) criminal prosecution launched against the Company and the Directors for alleged offences under the enactments specified in Paragraph 1 of Part I of Schedule V to the Companies Act, 2013.

Litigations against the Company

Civil cases

1. Selvin Jayakumar, the owner of the branch located at Munnar, Kerala had filed a Rent Control Original Petition ("**RCOP**") seeking eviction of the Company from his premises, recovery of amounts towards damages and for use and occupation of the premises. The Company thereafter vacated the premises. Subsequently, the Company filed a suit for recovery of the rent advanced and the landlord, i.e., Selvin Jayakumar set ex-party. The case has been postponed to October 26, 2019 for trial proceedings.

2. Sunil Kumar, Anil Kumar and Ajit Kumar, the petitioners, have filed a petition (RCOP No. 5 of 2012), before the Kollam Rent Controller cum District Munsiff under section 11(3) of the Kerala Buildings (Lease and Rent Control) Act, 1965. The Company had entered into a lease agreement dated January 14, 2005 with the petitioners to rent the property being room no. 1144/47, ward 24, Kollam, for a period of 10 years. The petitioners have instituted this petition for evicting the Company from the leased premises. The matter was posted for hearing on December 18, 2013 and the court had transferred the matter to the mediation centre for settlement and it was thereafter posted for hearing on April 08, 2014. Since the mediation did not result in a settlement, the matter was sent back to the court and an order was passed against the Company to evict the premises. The Company has filed an appeal against the order along with an interim application ("**IA**") to stay the order of the lower court in RCOP No. 5/2012 until the disposal of the appeal, which has been admitted by the court. The court thereafter has issued a notice to the opposite party. The Company has obtained a stay order from the High Court against the judgement of Rent Control Appellate Court, Kollam. RCA. No. 17/2015 has been filed before the High Court along with an IA for interim stay. IA has been allowed and interim stay shall stand extended until further orders.

3. V. Karthik, the plaintiff has filed a suit (O.S. No. 10 of 2011) before the District Court, Trichy, against G. Vijayakumar, S. Ganeshan, and fifty nine others, including the Company. The suit relates to the schedule property in which the Company is a tenant. The plaintiff has alleged that he is entitled to half of the schedule property and has sought a decree of partition against G. Vijayakumar and S Ganeshan and a mandatory injunction against the other defendants directing them to pay rent to the plaintiff in respect of his share of the schedule property. The Company has filed an IA to set aside the ex parte order and the same has been allowed. The case has been listed for evidence and posted to September 20, 2019 for hearing.

4. S. Kalavathi, the plaintiff, has filed a suit (O.S No. 377 of 2012) dated October 17, 2012, before the court of the Subordinate Judge, Dindigul against Balammal, Sujatha and eleven others, including the Company. The suit relates to the schedule property in which the Company is a tenant. The plaintiff has

alleged that she is entitled to one fifth of the schedule property and has sought a decree directing Balammal and Sujatha to partition the property, failing which a commissioner should be appointed to partition the schedule property. The plaintiff has also sought a decree directing the other defendants to deposit the rent amounts payable by them, in the court. The matter has been posted to September 24, 2019 for Issue of Service.

5. Kamaljeet Singh Kumar, the plaintiff has filed a suit (No. 100 of 2008) dated April 23, 2009, before the Additional District Judge, Delhi against the Company, seeking arrears of rent, mesne profits and costs for alleged damage caused to the property by the Company amounting to INR 911,773. The plaintiff is the owner of the property that was leased to the Company. The plaintiff claims that the lease was terminated as the Company stopped making rent payments, but the Company is still in possession of the property and substantial damage has been caused to the property by the Company. The Company in its reply, has contended that it terminated the tenancy vide a communication to the plaintiff dated May 01, 2007 and called upon the plaintiff to take possession of the property. It has stated that the property has been lying vacant and locked since May 31, 2007 as the plaintiff is refusing to take possession of the same. It has also been stated that the rent amount till May 31, 2007 has been paid in full and further denied that any damage has been caused by the Company to the property. This matter was posted for hearing on November 15, 2017. The Suit No. 100 of 2008 was decreed against the Company. The Company has therefore filed an appeal before High Court being RFA 838/2018 and RFA 839/2018 and the same has been listed to October 24, 2019 for the respondent's arguments.

6. S. Devendran, the applicant, has filed an application (I.D. 34 of 2013) against the Company before the Labour Court at Kollam on April 4, 2013. The applicant had been working as a branch manager at the Nellimoodu branch of the Company. He was dismissed from service for allegedly receiving counterfeit notes in respect of a certain loan repayment, without conducting an enquiry and framing specific charges. The applicant has filed this application for a declaration to the effect that his dismissal from service was irregular and illegal and prayed for being reinstated in service with back wages, continuity in service and all other benefits. Case No. I.D 34 of 2013 was dismissed by the Labour Court. A writ petition bearing number W.P (38245/2018) has been filed by the employee before the High Court of Kerala in this regard.

7. The Director, Financial Intelligence Unit, Department of Revenue, Government of India has issued an order bearing No. 1/DIR/FIU-IND/2013 dated February 14, 2013, imposing a fine of INR 26,970,000 under section 13 of the Prevention of Money Laundering Act, 2002 for failing to furnish cash transaction reports for 2,697 cash transactions between the period of April 01, 2006 and November 30, 2010. The Company responded to the Director, Financial Intelligence Unit stating that they had no intentions to defy the law and deliberately act in its breach. The Company also raised certain legal grounds of challenge which were not upheld by the director of the Financial Intelligence Unit while passing the final order. Pursuant to this, the Company appealed against the said order before the Hon'ble Appellate Tribunal under the Prevention of Money Laundering Act, 2002 at New Delhi in FPA-PMLA-457/DLI/2013 and MP-PMLA-1007/DLI/2014. The Tribunal by way of an order dated July 09, 2015, directed the Company to pay an amount of INR 24,470,000 within 4 weeks. The Company has however obtained a stay from the Delhi High Court through an order dated August 07, 2015 after agreeing to deposit INR. 5,000,000. The matter is listed to December 04, 2019 for further hearing.

8. K.V.D. Umamaheswara Rao filed a petition under Order XXI, rule 58 and section 47 of the Code of Civil Procedure, 1908 against the Company and Kancharla Venkata Murali Krishna, before the court of the Hon'ble II Additional District Judge at Guntur in O.S. No. 90 of 2011, seeking to set aside the attachment orders passed by the District Judge, Guntur on April 19, 2013 against certain schedule property. The suit has been decreed in the favour of the Company in July, 2014. The Company have filed E.P. 98/2015. The matter has been posted to October 14, 2019 for hearing.

Criminal cases

1. Vipin Bhola, the complainant in the present matter, has filed a criminal complaint (CC No: 106 of 2012), under sections 406, 467, 468 and 471 of the Indian Penal Code, 1860 against the Company and certain other employees before the Judicial Magistrate, Gurgaon. The complainant has alleged that he was an agent of the Company and that he had deposited gold ornaments with the Company. The complainant has also alleged that the Company has refused to redeem the ornaments pledged with it against part re-payment of the amount of loan taken by the complainant. This matter has been dismissed. However, the complainant had filed a revision petition which was posted on October 10, 2017 for arguments. The suit has been dismissed in favor of the Company on February 27, 2019.

2. The Assistant Registrar, Co-operative Society, the complainant, had filed a First Information Report ("**FIR**") against the Company under sections 5 and 28 of Karnataka Money Lenders Act, 1961 and sections 4 and 15 of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004. The Company has filed a petition (Criminal Petition No. 3981 of 2012) before the High Court of Karnataka, Bangalore to quash the FIR. The court, vide order dated July 24, 2012, has granted an interim stay till the disposal of the matter. The matter was last posted on November 02, 2016, where the Company's advocate submitted an application for extension of the stay order. The application was allowed by the court and the stay order was extended till the final hearing of the case. The case is pending before High Court of Karnataka for final disposal.

Service tax cases

1. The Directorate General of Central Excise Intelligence, Delhi Zonal Unit, has issued a show cause notice ("**SCN**") bearing reference DZU/INV/ST/39/2006 dated September 28, 2007 against the Company directing the Company to show cause why an amount of INR 2.6 million as service tax and an amount of INR 0.1 million as educational cess, service tax amounting to INR 6.4 million and educational cess of INR 0.1million under various provisions of the Finance Act, 1994 has not been paid by the Company. Further, the Company is directed to show cause why interest on INR 0.3 million should not be recovered and Central Value Added Tax ("**CENVAT**") credit amounting to INR 0.5 million should not be denied under the CENVAT Credit Rules, 2004. The notice states that the Company was not paying service tax on its money lending business and that the Company is not registered with the service tax department. The Commissioner of Central Excise, Customs and Service Tax, Kochi Commissionerate, passed an order dated January 20, 2009, confirming the recovery of tax and penalty imposed on the Company and further imposed a penalty of INR 100 for every day of delay from the due date and a penalty of INR 200 for every day such continued default or at the rate of 2% of such tax per month whichever is higher subject to maximum of INR 9.2 million and a further penalty of INR 1,000 under section 7 of the Finance Act, 1994, a penalty of INR 9.2 million under section 78 of the Finance Act and a penalty of INR 4.8 million on the Company under section 15 of the CENVAT Credit Rules, 2004 read with section 78 of the Finance Act, 1994. The Company has filed an appeal dated April 17, 2009, against the said order before the Customs, Excise and Gold (Control) Appellate Tribunal, Bangalore, and the matter is currently pending. The Company has also filed an application for the stay of the pre-deposit of demand order together with the appeal. The stay application has been allowed by an order dated February 17, 2010, on pre-deposit of an amount of INR 2.5 million. The appeal is currently pending.

2. The Commissioner of Central Excise and Customs, Kochi Commissionerate has issued a show cause notice bearing reference V/ST/15/16/2008 ST Adj/517 dated April 1, 2008, against the Company directing the Company to show cause why an amount of INR 4.3 million as service tax and an amount of INR 0.1 million as educational cess, service tax amounting to INR 0.02 million and educational cess of INR 511, an amount of INR 0.7 million, as service tax and an amount of INR 0.1 million as educational cess in respect of various provisions of the Finance Act, 1994 had not been paid by the Company. The Commissioner of Central Excise, Customs and Service Tax, passed an order dated May 12, 2009 and confirmed the recovery of tax and penalty imposed on the Company and further imposed a penalty of INR 1,000 under section 77 of the Finance Act, 1994, a penalty of INR 5.1 million under section 78 of the Finance Act, 1994. The Company has filed an appeal against the order

before the Customs, Excise and Gold (Control) Appellate Tribunal, Bangalore, and the matter is currently pending. The Company has filed an application for the stay of the pre-deposit of demand order together with the appeal and a stay has been granted on February 17, 2010 on pre-deposit of INR 1.8 million. The appeal is currently pending.

3. The Commissioner for Central Excise and Customs, Kochi has issued a SCN No. 122/2008/ST dated October 7, 2008 directing the Company to show cause why an amount of INR 7.8 million as service tax and penalties under sections 76, 77, and 78 of the Finance Act, 1994 had not been paid by the Company. The Commissioner of Central Excise, Customs and Service Tax, passed an order dated November 30, 2009, confirming the recovery of tax and penalty imposed on the Company and further imposed a penalty of INR 200 for every day of failure to pay service tax and educational cess or at the rate of 2% of such tax per month whichever is higher subject to a maximum of INR 7.8 million and a further penalty of INR 1,000 under section 7 of the Finance Act, 1994, a penalty of INR 7.8 million under section 78 of the Finance Act. The Company has filed an appeal and a petition seeking stay of the order of the Commissioner of Central Excise, Customs and Service Tax, as ST/482/10 before the Customs, Excise and Service Tax Appellate Tribunal on March 15, 2010. The Customs, Excise and Service Tax Appellate Tribunal, by its order dated October 31, 2011, waived the pre-deposit of balance amounts of dues under the impugned order and granted a stay on the recovery thereof till the disposal of the appeal, on pre-deposit of INR 4 million. The appeal is currently pending.

4. By a letter dated September 9, 2010, the Superintendent of Central Excise and Service Tax, Kochi, forwarded copies of 3 audit enquiries raised by the Comptroller and Auditors General's audit party regarding 3 instances of alleged non payment of service tax for the period from 2007-08 to 2009-10 and required the Company to pay service tax as per the audit enquiry. The amount liable to be paid as per the first audit enquiry was INR 1.8 million, the second audit enquiry was INR 0.9 million and as per the third audit enquiry was INR 7.4 million. The Company has replied to the letter dated September 09, 2010 on October 26, 2010. The Additional Commissioner of Central Excise, Kochi has issued a SCN No. 83/2012 (C No. V/ST/15/102/2012 ST Adj) directing the Company to show cause recovery of an amount of INR 2.2 million towards service tax, education cess and secondary education cess and interest and penalty applicable on the above, from the Company, on marketing expenses paid in foreign currency, as per the first audit enquiry. The Company has by letter dated July 17, 2013, responded to the SCN and has stated that the SCN be dropped for the following reasons: **(i)** the Company is not liable to pay service tax for amounts paid for marketing services provided by its group concern, Muthoot Marketing Services Private Limited, Dubai as such payments were made only in the form of reimbursements and not as any actual consideration; **(ii)** the entire exercise in respect of which the demand has been made is revenue neutral; **(iii)** major portion of the demand made is time barred; and **(iv)** the Company is not liable to pay any penalty as it has not contravened any provisions of the Finance Act, 1994. The Assistance Commissioner of Central Excise, Kochi, has issued a consolidated order No. 70 to 72 dated February 18, 2016, received by the Company on March 30, 2016, disposing off the 3 SCN Nos. 83/2012, 01/2013 and 132/2014. The Company has filed an appeal before the Commissioner of Central Excise (Appeals), Kochi on May 25, 2016. The matter is currently pending.

5. The Commissioner of Central Excise and Customs, Kochi Commissionerate has issued a SCN bearing reference no. 194/2012/ST dated October 22, 2012, against the Company to show cause as to why: **(i)** an amount of INR 15.89 million as service tax and an amount of INR 0.48 million as educational cess, amounting to INR 16.37 million for period 2010-11 to 2011-12 had not been paid by the Company under various provisions of the Finance Act, 1994 on account of providing taxable services (business auxiliary services) under the Finance Act, 1994; **(ii)** an amount of INR 1.70 million inclusive of education cess for the services received from foreign firms has not been paid under various provisions of the Finance Act, 1994; **(iii)** interest on delayed payment of service tax (including education cess) should not be demanded and recovered under section 75 of the Finance Act, 1994 and the relevant rules thereunder; **(iv)** penalty should not be imposed under sections 76, 77 and 78 of the Finance Act, 1994 for failure to comply with the provisions of the Finance Act, 1994 and the relevant rules thereunder. The Company has filed its reply to the SCN on February 19, 2013 stating that **(i)** the Company is not liable for payment of service tax for business auxiliary services as the same qualifies as export of service; **(ii)** the demand regarding payment of service tax for payments made to foreign firms have been included in a previous SCN and have been paid towards donations and not services; **(iii)** the demand for interest on delayed payment of service tax is time barred; and **(iv)** the Company is not liable for payment of penalty as it has not defaulted under the provisions of the Finance Act, 1994. The Commissioner of Central Excise and Customs, Kochi has issued a consolidated order no. 46 and 47/14-15 on December 31, 2014 disposing SCN 194/2012 and 177/2014 stating that the confirmed

demand for SCN 194/2012 is INR 16,367,194 on business auxiliary services for the years 2010-11 to 2011-12, and INR 1,353,575 on the services imported during the years 2009-10 to 2011-12 with interest under section 75 of the Finance Act, 1994, the penalty is INR 17,720,769 under section 78 of the Finance Act, 1994 and INR 10,000 under section 77 of the Finance Act, 1994. An amount of INR 1,635,271 already paid by the Company before issuing SCN has been appropriated against the demand and interest. On writ petition filed by the Company against the above order, the High Court of Kerala by order dated March 4, 2015 quashed the impugned order and directed the Commissioner to pass fresh order following the decision taken by the Appellate Tribunal in the case of Paul Merchants Ltd v. Commissioner of Central Excise, Chandigarh [2013(29) STR 257 (Tri. Del)]. The commissioner has passed fresh order No. 04/15-16 dated May 11, 2015 by confirming the demand same as in the original order. On second writ petition, the High Court has directed the Company to file appeal before the Appellate Tribunal, without making pre-deposit of tax. The Company filed appeal before the CESTAT, Bangalore on July 31, 2015. The CESTAT in their interim order no. 22 to 36/2016, dated February 17, 2016 decided that pre-deposit as per section 35F of the Central Excise Act, 1944 is to be deposited by the Company within 4 weeks from the date of the order. A writ petition was been filed by the Company before High Court of Kerala on March 15, 2016, which was subsequently disposed off by the order of the High Court of Kerala dated July 14, 2016 directing the Company to pay pre-deposit amount as per section 35F of the Central Excise Act, 1944. The Company has paid the pre-deposit using CENVAT credit by communication dated July 26, 2016. The appeal is currently pending.

6. The Commissioner of Central Excise and Customs, Kochi has issued SCN bearing reference no. 199/2012/ST dated October 22, 2012 directing the Company to show cause why: **(i)** an amount of INR 1672.3 million as service tax (including education cess) had not been paid by the Company for the period from 2007-2008 to 2011-2012 in accordance with the provisions of the Finance Act, 1994 on account of providing taxable services (business auxiliary services) under the Finance Act, 1994 and **(ii)** penalties under sections 75, 76, 77, and 78 of the Finance Act, 1994 should not be levied against the Company. The Company has filed its reply to the SCN on February 19, 2013 stating that **(i)** services as collection agent are not taxable as the same cannot be viewed as a separate and independent service being rendered by the Company, the entire exercise is revenue neutral and the demand for service tax is time barred; and **(ii)** the Company is not liable for payment of penalties as it has not defaulted under the provisions of the Finance Act, 1994. The Commissioner of Central Excise, Customs and Service Tax, Cochin has issued an order on December 30, 2014 disposing SCN no. 199/2012 with a demand of INR 1,531,458,734 as service tax, education cess and secondary and higher education cess ("**SHEC**") payable on securitisation transactions with banks for the period from 2007 to 2012, along with interest under section 75 of the Finance Act, 1994, penalty at the rate of INR 200 per day or 20% of tax for every month whichever is higher under section 76, INR 10,000 under section 77 and INR 153,14,58,734 under section 78 of the Finance Act, 1994. (Total liability including tax, interest and penalty under various sections if confirmed is estimated as INR 4,895,883,216/-). On writ petition, the High Court of Kerala by order WP(C) No. 6173 of 2015 dated March 02, 2015 directed the Company to file appeal before the Appellate Tribunal, without pre-deposit of tax. Appeal filed with CESTAT, Bangalore on March 31, 2015. The Government also has filed writ appeal before the High Court against the order of the Single Judge, on writ appeal by Government, the High Court has held that the Appellate Tribunal can take up the appeals filed by the Company. The matter is pending before the Tribunal. The Tribunal in their interim order no. 22 to 36/2016, dated February 17, 2016 stated that pre-deposit as per section 35F of the Central Excise Act, 1944 is to be deposited by the Company within 4 weeks from the date of the order. The Company filed a writ petition before the High Court of Kerala on March 21, 2016, which was subsequently disposed off by order dated July 14, 2016 directing the Company to pay pre-deposit as per section 35F. The Company has paid the pre-deposit using CENVAT credit by communication dated July 26, 2016 and accepted by the Tribunal. The appeal is currently pending.

7. The Assistant Commissioner of Central Excise has issued a SCN no. 1 of 2013-ST (C.No.V/ST/38/63/2013, ST Adj./790) dated March 30, 2013 asking the Company to show cause why **(i)** an amount of INR 1,63,018 being service tax for the period of 2011-12 should not be demanded from the Company; **(ii)** interest on the appropriate rate of service tax, education cess and SHEC should not be demanded under section 75 of the Finance Act, 1994; and **(iii)** penalties should not be imposed on them under sections 66A, 70, 76, 77 and 78 of the Finance Act, 1994. The Company has filed its reply to the SCN on August 18, 2013 setting out the factual position and explaining why all the allegations contained in the SCN are incorrect and unsustainable. The Assistant Commissioner of Central Excise has issued a consolidated order no. 70 to 72 dated February 18, 2016, received by the Company on March 30, 2016, disposing off 3 SCNs nos. 83/2012, 01/2013 and 132/2014. The

Company has filed an appeal before the Commissioner of Central Excise (Appeals), Kochi on May 25, 2016. The matter is currently pending.

8. The Additional Commissioner of Central excise, Customs and Service tax, Cochin has issued a SCN no. 233 /2013/ST (C No. V/ST/15/212/2013/ST Adj) dated October 25, 2013 asking the Company to show cause as to why **(i)** CENVAT credit totalling INR 1,075,156 should not be demanded from the Company; **(ii)** interest at the appropriate rate on the ineligible CENVAT credit availed should not be demanded from the Company; **(iii)** penalty should not be imposed under rule 15 of CENVAT Credit Rules, 2004; **(iv)** penalty should not be imposed on the Company under section 78 of Chapter V of the Finance Act, 1994. The Company has filed its reply to the SCN on July 17, 2014 explaining why all the allegations contained in the SCN are incorrect and unsustainable. Order No. 32/2015 dated April 31, 2015 confirmed the demand as per SCN. The Company had filed an appeal before the Commissioner of Central Excise (Appeals), Kochi on August 06, 2015 challenging the order, which has been rejected by order no. COC-EXCUS-000-APP-401-16-17 dated December 30, 2016 received on January 25, 2017. The Company has filed an appeal before CESTAT, Bangalore on April 24, 2017. The matter is currently pending.

9. The Joint Commissioner of Central Excise, Customs and service tax, Kochi has issued SCN No. 132/2014 dated May 12, 2014 asking the Company to show cause why **(i)** an amount of INR 677,476 being service tax on foreign payments made during the period of 2012-13 should not be demanded from the Company; **(ii)** interest on the appropriate rate of service tax, education cess and SHEC should not be demanded under section 75 of the Finance Act, 1994; and **(iii)** penalties should not be imposed on them under sections 66A, 70, 76, 77 and 78 of the Finance Act, 1994. The Company has filed its reply to the SCN by letter dated July 29, 2014 setting out the factual position and explaining why all the allegations contained in the SCN are incorrect and unsustainable. The Joint Commissioner of Central Excise, Customs and Service Tax, Kochi has issued a consolidated order no. 70 to 72 dated February 18, 2016, received by the Company on March 30, 2016, disposing off 3 SCNs nos. 83/2012, 01/2013 and 132/2014. The Company has filed an appeal before the Commissioner of Central Excise (Appeals), Kochi on May 25, 2016. The matter is currently pending.

10. The Deputy Commissioner of Central Excise, Customs and service tax, Kochi has issued SCN No. 50/2014 dated September 25, 2014 asking the Company to show cause why **(i)** an amount of INR 394,523 being service tax on foreign payments made during the period of 2013-14 should not be demanded from the Company; **(ii)** interest on the appropriate rate of service tax, education cess and SHEC should not be demanded under section 75 of the Finance Act, 1994; and **(iii)** penalties should not be imposed on them under sections 66A, 70, 76, 77 and 78 of the Finance Act, 1994. The Company has filed its reply to the SCN by letter dated November 24, 2014 setting out the factual position and explaining why all the allegations contained in the SCN are incorrect and unsustainable. The Deputy Commissioner of Central Excise, Customs and service tax, Kochi has issued an order dated January 20, 2015 by disposing SCN No.50/2014 with demand of INR 3,94,523, interest under section 75 of the Finance Act, 1994, penalty of INR 1,000 under section 77(2), and a penalty of INR 394,523 under section 78 Chapter V of Finance Act, 1994. The Company had filed an appeal before the Commissioner of Central Excise (Appeals), Kochi on March 23, 2015 challenging the order, which has been rejected by order no. COC-EXCUSS-000-414-16-17 dated December 30, 2016 received on February 16, 2017. The Company has filed an appeal before CESTAT, Bangalore on April 17, 2017. The matter is currently pending.

11. The Commissioner of Central Excise and Customs, Kochi has issued SCN bearing reference No. 177/2014/ST dated May 21, 2014 directing the Company to show cause why: **(i)** an amount of INR 8.30 million as service tax (including education cess) should not be demanded and recovered from the Company for the period 2012-2013 in accordance with the provisions of the Finance Act, 1994 on account of providing taxable services (business auxiliary services) under the Finance Act, 1994; and **(ii)** interest and penalties under sections 75, 76, 77 and 78 of the Finance Act, 1994 should not be levied against the Company. The Company has filed its reply to the SCN on July 17, 2014 explaining why all the allegations contained in the SCN are incorrect and unsustainable. The Commissioner of Central Excise and Customs, Kochi has issued an consolidated order no. 46 and 47 /14-15 on December 31, 2014 disposing SCN 177/2014/ST and 194/2012/ST stating that the confirmed demand on SCN 177 /2014/ST is INR 8,306,129 on business auxiliary services for the period 2013-14 and interest under section 75 of the Finance Act, 1994, the penalty is INR 100 per day or 1% of the tax due

whichever is higher under section 76 of the Finance Act, 1994 and INR 10,000 under section 77 of the Finance Act, 1994. The case is considered together with SCN 194 as mentioned above in point no. 5.

12. The Commissioner of Central Excise, Kochi has issued SCN No. 26/2015 dated March 02, 2015 to the Company relating to service tax on money transfer income for the period 2013-14. The Company has filed writ petition (W.P. No. 11833/2015) before the High Court of Kerala challenging the above notice and filed reply to the Commissioner informing the same. The matter is pending before the High Court. As required by the Commissioner, the Company has filed detailed reply also to the SCN vide letter dated October 06, 2015. The Commissioner of Central Excise has issued an order No. 85/2015 dated February 18, 2016, received by the Company on March 17, 2016. The Company has filed a writ petition with the High Court of Kerala which was admitted on April 07, 2016. The matter is currently pending before the court.

13. The Commissioner of Central Excise, Kochi has issued SCN No. 374/2015/ST dated October 20, 2015 allegedly stating that the postage, telegram and telephone expenses debited in P&L A/c of the Company as the amount recovered from customers and by directing the Company to show cause as to why total amount of INR 105,838,896 including service tax and SHEC should not be demanded and recovered from the Company under proviso to section 73(1) of chapter V of the Finance Act, 1994. The Company has filed reply to the SCN, vide letter dated November 08, 2015. Jurisdiction was thereafter transferred to Calicut and a consolidated order was issued by the Commissioner, Calicut by dropping all proceedings under SCN No. 374/2015 and SCN No. 21/2017 vide OIO No. COC-EXCUSS-000-COM-19 and 20 -18 -19 dated July 04, 2018 received on July 17, 2018. The Commissioner, Kochi has filed an appeal before the CESTAT Bangalore against the order, copy of which was received on December 03, 2018. The matter is currently pending.

14. The Commissioner of Central Excise and Customs, Kochi has issued SCN No. 173/2016/ST dated April 11, 2016 directing the Company to show cause as to why total amount of INR 6,182,037 including service tax and SHEC should not be demanded and recovered from the Company under proviso to section 73(1) of chapter V of Finance Act, 1994. The Company has filed reply to the SCN, on May 14, 2016. The Company has received an order No. 13/2017 dated January 27, 2017 received on February 28, 2017. The Company has filed an appeal before the Commissioner (Appeals), Kochi on April 27, 2017. The matter is currently pending.

15. The Principal Commissioner of Central Excise and Customs, Kochi has issued SCN No. 19/2017/ST dated April 12, 2017 directing the Company to show cause as to why a total amount of INR 66,162,172 and interest on delayed payment of service tax, education cess and SHEC should not be demanded and recovered from the Company under proviso to section 73(1) of chapter V of Finance Act, 1994 relating to CENVAT credit on expenses for the period from 2006-07 to 2010-11. The Company was also asked to show cause as to why penalty should not be imposed under rule 15(1) of the CENVAT Credit Rules, 2004 and under section 78 of the Finance Act, 1994. The Company has filed reply to the SCN, on June 23, 2017. The Commissioner, Calicut has issued order no. COC-EXCUS-000-COM-21-18-19 dated July 05 2018 by confirming the SCN. Writ petition filed by the Company before High Court of Kerala admitted and interim stay granted by paying pre-deposit of 7.5% of the demand. The matter is currently pending.

16. The Principal Commissioner of Central Excise and Customs, Kochi has issued SCN No. 21/2017/ST dated April 12, 2017 directing the Company to show cause as to why a total amount of INR 98,645,920 and interest on delayed payment of service tax and SHEC should not be demanded and recovered from the Company under proviso to section 73(1) of chapter V of Finance Act, 1994 relating to postage and telephone expenses incurred by the Company during the period 2014-15 to 2015-16. The Company was also asked to show cause as to why penalty should not be imposed under sections 76, 77 and 78 of the Finance Act, 1994. The Company has filed reply to the SCN, on May 30, 2017. Jurisdiction transferred to Calicut and consolidated Order issued by Commissioner, Calicut by dropping all proceedings under SCN No. 374/2015 and SCN No. 21/2017 vide OIO no. COC-EXCUSS-000-COM-19 and 20 -18 -19 dated July 04, 2018 received on July 17, 2018. Commissioner, Kochi has filed Appeal before CESTAT Bangalore against the order, copy received on December 03, 2018. The matter is currently pending.

17. The Principal Commissioner of Central Excise and Customs, Kochi has issued SCN No. 40/2017/ST dated August 08, 2016 directing the Company to show cause as to why a total amount of

INR 35,795,903, including service tax and SHEC should not be demanded and recovered from the Company under proviso to section 73(1) of chapter V of Finance Act, 1994, relating to money transfer income, other than from Paul Merchants, for the period 2012-13 to 2014-15 along with interest and penalties. The Company has filed a reply to the SCN, on October 04, 2017. The matter is currently pending.

18. The Principal Commissioner of Central Tax and Central Excise, Kochi has issued SCN No. 56/2019/ST/Pr. Commr. dated April 05, 2019 directing the Company to show cause as to why a total amount of INR 71,25,496 including service tax, Swach Bharat Cess and Krishi Kalyan Cess should not be demanded and recovered from the Company under proviso to section 73(1) of chapter V of Finance Act, 1994, relating to postage, telegram and telephone expenses incurred by the Company for the period 2016-17 and 2017-18 (April to June) along with interest and penalties. The Company has filed a reply to the SCN on May 02, 2019 and the matter is currently pending.

Income tax cases

1. By an assessment order dated December 19, 2011, the Additional Commissioner of Income Tax, Range-1, Kochi, has demanded a sum of INR 13.8 million as the deductions claimed by the Company were disallowed for the AY 2009-10. The Company has filed application dated January 20, 2012 for rectification of the assessment order, under section 154 of the Income Tax Act, 1961 and also filed an appeal against the said order before the Commissioner of Income Tax (Appeals)-II, Kochi. With regard to the application filed by the Company, the assessing officer, vide order dated July 2, 2012 has revised the demand to INR 13.3 million. The Company has already paid the entire demand of tax. Appeal filed with the Commissioner of Income Tax (Appeal) ("**CIT(A)**") was partly allowed by order dated November 12, 2013. The appeal filed by the Company before the Income Tax Appellate Tribunal, Kochi is allowed and the appeal filed by The Deputy Commissioner of Income tax, Circle-1(2), Kochi was dismissed by order dated July 25, 2014. Appeal filed by CIT, Kochi before High Court of Kerala was disposed in favour of the Company by order dated January 08, 2019 directing the Assessing Officer ("**A.O.**") to allow staff welfare expenses. The matter is now pending before the A.O.

2. The Additional Commissioner of Income Tax, Range-1, Kochi has by an assessment order dated March 21, 2013 under section 143(3) of the Income Tax Act, 1961 demanded payment of INR 36,384,640 for the A.Y. 2010-11 and has stated that the Company cannot be allowed to claim certain tax deductions, on account of undertaking generation and distribution of power, non-payment of tax on payments made to non-resident entities, expenses relating to its demerged radio business, bad debts and payments made into the Company's staff welfare scheme account. The appeal filed against the said order before the Commissioner of Income Tax (Appeals)-II, Kochi has been partly allowed by order dated November 15, 2014. The Company has filed an appeal against the said order before the Income Tax Appellate Tribunal, Kochi. The Company has already paid an amount of INR 21.82 million towards the demand. The appeal filed by the Company was allowed and the appeal by the Revenue Department was dismissed by common order dated September 26, 2016. The ITA no. 24/2017 filed by the Pr. Commissioner of Income Tax, Kochi before the High Court of Kerala against the Income Tax Appellate Tribunal Order (relating to staff welfare expenses of INR 26.2 million), is pending.

   A Fresh assessment was completed by the Deputy Commissioner of Income Tax, Central Circle-1, Kochi under section 143(3) read with section 147 of the Income Tax Act, 1961 by order dated November 30, 2017, served on the Company on December 01, 2017 with a demand of INR 142,019,060. The application filed by the Company for rectification of error in calculation of interest under section 234B of the Income Tax Act, 1961 was allowed and also considering the demand paid till date, a revised order under section 154 dated May 31, 2018 was issued by Deputy Commissioner of Income Tax with a final revised demand of INR 26,146,200. Appeal filed before the CIT(A)-4, Kochi against the original order is pending for disposal.

3. The Additional Commissioner of Income Tax, Range-1, Kochi has demanded payment of INR 4.55 million for the assessment year 2011-12 from the Company by an assessment order dated November 29, 2013 under section 143(3) of the Income Tax Act, 1961 and has disallowed certain deductions under section 80IA of the Income Tax Act, 1961, which the Company had claimed on account of bad debts written off. The Company has made payment of the entire amount demanded. The appeal filed by the Company before the Commissioner of Income Tax (Appeals) – II has been

dismissed for statistical purposes. The Company has filed a miscellaneous petition before the Commissioner of Income Tax (Appeals) – II for rectification of mistake apparent on record and to reconsider the Appeal again. The Company has also preferred an Appeal before the Income Tax Appellate Tribunal, Kochi against the dismissal order. Appeal filed before the Income Tax Appellate Tribunal, Kochi against the dismissal order has been allowed by Income Tax Appellate Tribunal by order dated 08.01.2016 and restored the file to CIT(A), Kochi for fresh consideration. The matter is pending before the CIT(A), Kochi.

Fresh assessment for the AY 2011-12 completed U/s.143(3) read with section 153A by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated 29.12.2018 served on 01.01.2019 with revised demand of INR 181,039,770. The Company has filed rectification application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

4. Appeal filed by the Commissioner of Income Tax before the High Court of Kerala against the order of the Income Tax Appellate Tribunal, Kochi for the A.Y. 2004-05 has been partly allowed in favour of the Company and partly in favour of the Revenue, by order dated January 08, 2019. The Income Tax Appellate Tribunal, Kochi in their order dated June 01, 2012 had dismissed the appeal filed by the Additional Commissioner of Income Tax, Circle-1(3) Kochi against a previous order of the Commissioner of Income Tax (Appeals)-II, Kochi dated February 16, 2007. This order of the Commissioner of Income Tax (Appeals)-II Kochi pertained to an assessment order issued as regards the Company for the assessment year 2004 – 2005 as regards certain additions and disallowances.

5. The Additional Commissioner of Income Tax, Kochi, has issued order under section 143(3) dated March 02, 2015 with demand of INR 29,230,000 for the AY 2012-13. The Company has paid an amount of INR 2,110,000 and the balance demand is INR 27,120,000. Rectification application filed with the A.O and appeal filed with the Commissioner of Income Tax (Appeals)-II, Kochi are pending for disposal. Fresh assessment for the AY 2012-13 was completed under section 143(3) read with section 153A by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated December 29, 2018 served on January 01, 2019 with a revised demand of INR 377,273,127. The Company has filed rectification application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

6. The Joint Commissioner of Income Tax, Kochi has issued an order under section 143(3) dated March 29, 2016 for the A.Y 2013-14 with demand of INR 34,579,720. The Company has paid the entire demand and filed an appeal with the Commissioner of Income Tax (Appeals), Kochi against the order.

   Fresh assessment for the AY 2013-14 was completed under section 143(3) read with section 153A by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated December 29, 2018 served on January 01, 2019 with revised demand of INR 106,426,840. The Company has filed rectification application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

7. Assessment for the AY 2014-15 was completed under section 143(3) read with section 153A by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated December 29, 2018 served on January 01, 2019 with demand of INR 852,734,070. The Company has filed rectification application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

8. Assessment for the AY 2015-16 was completed under section 143(3) read with section 153A by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated December 29, 2018 served on January 01, 2019 with demand of INR 142,925,790. The Company has filed rectification application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

9. Assessment for the AY 2016-17 was completed under section 143(3) read with section 153A by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated December 29, 2018 served on January 01, 2019 with demand of INR 261,645,448. The Company has filed rectification

application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

10. Assessment for the AY 2017-18 was completed under section 143(3) by the Assistant Commissioner of Income Tax, Central Circle-1, Kochi by order dated December 29, 2018 served on January 01, 2019 with demand of INR 3,672,016. The Company has filed rectification application before the A.O for correcting interest wrongly charged under section 234A and also filed appeal before the Commissioner (Appeals).

Cases filed against the Directors

In addition to the litigations disclosed above, the following litigations are currently pending against the Directors:

1. The Deputy Commissioner of Income Tax has issued two assessment orders both dated December 30, 2010 to George Thomas Muthoot under section 143(3) read with section 147 of the Income Tax Act, 1961, 1961 for the assessment years 2006-07, demanding INR 5.6 million and for the assessment year 2007-08, INR 5.2 million. An appeal dated January 07, 2011 has been filed by George Thomas Muthoot before the Commissioner of Income Tax (Appeals), Trivandrum against the above order. The Commissioner of Income Tax (Appeals) has allowed the appeal in favour of George Thomas Muthoot vide order dated February 05, 2014 by deleting the tax demands. .The Deputy Commissioner of Income Tax, Thiruvalla has filed appeals before the Income Tax Appellate Tribunal, Cochin bench against the above orders. Income Tax Appellate Tribunal, Kochi has set aside the case to A.O by order dated February 12, 2015. Fresh assessment was completed for A.Y 2006-07 by order dated February 19, 2016 with a demand of INR 6,027,600. An appeal filed with CIT(A) – Kottayam is pending.

2. The Joint Commissioner of Income Tax, Thiruvalla has issued an assessment order u/s.143(3) dated 12.12.2011 to George Thomas Muthoot for the A.Y 2009-10 demanding ₹ 5.6 million. Appeal filed before the commissioner of Income Tax (Appeals)-Trivandrum is now pending before CIT(A), Kochi.

3. The Deputy Commissioner of Income Tax has issued an assessment order dated December 30, 2010 to George Jacob Muthoot under section 143(3) read with section 147 of the Income Tax Act, 1961 for the assessment years 2006-07 by demanding a total tax payable of INR 14.5 million. An appeal dated January 07, 2011 has been filed by George Jacob Muthoot before the Commissioner of Income Tax (Appeals), Trivandrum against the above order. The Commissioner of Income Tax (Appeals) has allowed the appeal in favour of George Jacob Muthoot vide order dated February 05, 2014 by deleting the demands. The Deputy Commissioner of Income Tax, Thiruvalla has filed appeals before the Income Tax Appellate Tribunal, Cochin bench against the above orders. Income Tax Appellate Tribunal, Kochi has set aside the case to A.O by order dated February 12, 2015. Fresh assessment was completed for A.Y 2006-07 by order dated February 19, 2016 with a demand of INR 14,583,684. An appeal filed with CIT(A) – Kottayam is pending.

4. The Joint commissioner of Income tax, Thiruvalla has issued an assessment order dated December 12, 2011 to George Jacob Muthoot under section 143(3) of the Income Tax Act, 1961 for the year ended March 31, 2009 by demanding a total tax payable of INR 38.7 million. George Jacob Muthoot has filed an appeal against the assessment order on December 20, 2011 before the Commissioner of Income Tax (Appeals), Trivandrum. The appeal is pending.

5. The Deputy Commissioner of Income Tax, Thiruvalla has issued an assessment order dated March 28, 2014 to George Jacob Muthoot under section 143(3) of the Income Tax Act, 1961 for the year ended March 31, 2011 by demanding a total tax payable of INR 15.85 million in respect of certain disallowances on interest payment and agricultural income. The A.O revised the above order by a fresh order under section 154 dated March 06, 2015 and increased the demand to INR 30,216,190. Original appeal and fresh appeal filed before CIT(A)-I, Trivandrum are currently pending. Fresh assessment under section 143(3) read with section 153A completed by the Assistant Commissioner of Income Tax, Cir-1, Kochi by order dated December 28, 2018 served on January 01, 2019, with revised demand of INR 11,966,950.

6. The Joint Commissioner of Income Tax, Thiruvalla has issued an assessment order under section 143(3) dated December 12, 2011 to George Thomas Muthoot for the A.Y 2009-10 demanding INR 5.6 million. Appeal filed before the commissioner of Income Tax (Appeals)-Trivandrum is now pending before CIT(A), Kochi.

Notices received by the Company

1. The Company received a SCN bearing number P.148/2016 dated December 07, 2016 from the Sub-Registrar (in the cadre of district registrar), Virugambakkam seeking a response on why a deficit stamp duty amount of INR 200,000,000 along with a penalty of INR 1,000 should not be collected from the Company in relation to the stamp duty paid for the debenture trust deed dated May 11, 2016, executed between the Company and IDBI Trusteeship Services Limited. The Company has responded to this SCN by way of a letter dated January 16, 2017 stating that the document could not be construed to be a power with consideration but merely a debenture trust deed. The Company argued that the debenture trust deed would therefore attract article 40(b) of the Indian Stamps Act and not article 48(e). The Company requested that the SCN be withdrawn and the debenture trust deed be returned post registration. By way of an order dated October 20, 2017, the sub-registrar, Virugambakkam directed the Company to pay the deficit stamp duty of INR 200,000,000 along with a penalty of INR 1,000. The Company has filed a revision application before the Chief Controlling Revenue Authority – cum – Inspector General of Registration seeking an interim stay of all further proceedings and set aside the order passed by the respondent.

2. The Company received a SCN bearing number P. 19/2016 dated July 06, 2016 from the Sub-Registrar (in the cadre of district registrar), Virugambakkam seeking a response on why a deficit stamp duty amount of INR 200,000,000 along with a penalty of INR 1,000 should not be collected from the Company in relation to the stamp duty paid for the debenture trust deed dated January 20, 2016, executed between the Company and IDBI Trusteeship Services Limited. The Company responded to the show cause by way of a letter dated August 10, 2016, stating that the presumption of the sub-registrar that, the power of attorney under the debenture trust deed extended beyond a power of attorney to execute, sign and do any deeds to a power of attorney to sell with consideration was unfounded. The Company therefore sought that the SCN be withdrawn and the debenture trust deed be returned post registration. By way of an order dated October 20, 2017 the sub-registrar, Virugambakkam directed the Company to pay the deficit stamp duty of INR 200,000,000 along with a penalty of INR 1,000. The Company has filed a revision application before the Chief Controlling Revenue Authority – cum – Inspector General of Registration seeking an interim stay of all further proceedings and set aside the order passed by the respondent.

Litigations filed by the Company

1. The Company has filed a special leave petition before the Supreme Court of India (SLP (Civil) No. 14386 of 2010) against the judgment of the High Court of Kerala in W.P (C) No. 7526 of 2006 wherein it was held that NBFCs such as the Company must comply with the provisions of the Kerala Money Lenders Act, 1958. The Company has contended that it is regulated by the provisions of the Reserve Bank of India Act, 1934 and action on the part of the Government of Kerala to levy license fee under the Kerala Money Lenders Act, 1958 on the Company amounts to dual control by the State Government and the Central Government on the same activities. The Company has sought an interim order from the Supreme Court of India to stay the judgment and final order passed by the High Court of Kerala. The Supreme Court of India accordingly directed that status quo be maintained. The matter is still pending for final adjudication.

2. The Company has filed a writ petition (W.P. No. 18932 of 2012) against the State of Karnataka and certain others before the High Court of Karnataka seeking a writ of mandamus declaring that the Company is exempted from the provisions of the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 and that the Company is governed solely by regulations framed by the Reserve Bank of India. The Company has also sought a direction from the High Court of Karnataka directing the respondents to not interfere in the Company's activities. The matter is currently pending. The W.P. is posted to September 23, 2019 for awaiting stay order.

3. The Company has filed a civil suit (O. S. No. 78 of 2006), before the Sub Court, Ernakulum against Cardamom Marketing Corporation, a partnership firm and 11 other persons who are partners of Cardamom Marketing Corporation, the defendants in the case. The Company has alleged that the defendants availed a loan of INR 17.50 million in the month of September, 2005 agreeing to repay the loan with 24.00% interest per annum within twenty one days from the date of disbursement. However the defendants did not repay the loan as agreed. On November 2, 2005 and November 26, 2005, the Company sent registered notices demanding the repayment of loan with the interest. The defendants had issued a cheque of INR 18.5 million towards repayment of the loan amount which when presented for encashment by the Company was dishonoured on December 13, 2005. The Company issued a notice dated January 11, 2006 to the defendants intimating about the dishonour of cheque and demanding payment and the defendants denied any transactions between the Company and the defendants. Therefore the Company has filed the suit for recovery of an amount of INR 19.05 million along with interest on INR 17.5 million at 24% per annum from the defendants and further seeking costs of the proceedings. The review petition is pending before the High Court of Kerala for hearing. The Review petition O.P (c) No. 735/2015 is posted for hearing.

4. The Company filed civil suit O.S. 6758/2013 on September 16, 2013 against Paranjyothi and Pradeep Kumar seeking that the court direct Pradeep Kumar to pay the Company a total sum of INR 5,444,256 in respect of certain loan accounts along with future interest at the rate of 33% per annum from the date of the suit till the date of realisation and that the court pass an order of attachment, attaching the suit scheduled property and order to sell the same in public auction to realise the suit claim. The suit was decreed in favour of the Company on August 10, 2015. The property of Nagarathamma was attached against her liability. The execution petition bearing no. E P 1007/2015 has been filed and admitted by the court. The Company has also filed a petition in EP No. 1007/2015 to conduct sale of the attached property of Nagarathamma. The matter has been adjourned to October 25, 2019 for summons.

5. The Company filed a civil suit bearing O.S. No. 07/2012 against a former employee of the Company alleging misappropriation of funds stored at a certain branch of the Company. The Company sought a decree against both the defendants for recovery of INR 1,130,178. In this case the defendant filed an IA to allow them to amend their written statement. The IA was allowed by the court and the case was posted to February 15, 2018 for framing additional issues. In Criminal Case CC 1122/2013, A1 (being Vishwanathan Nair) was arrested and has obtained bail. A2 (being wife of A1) has already obtained bail. The case had been posted to May 23, 2018 for framing of charges. The Civil case O.S 07/2012 is posted to October 30, 2019 for hearing and the accused under Criminal case CC 1122/13 have been convicted pursuant to order dated August 19, 2019.

6. The Company had filed a petition under section 451 and 547 of the Code of Criminal Procedure, 1973 seeking the return of gold ornaments seized by the police. The petition came be to be dismissed, post which the Company filed a civil case OS 716/2010 which was decreed in its favour. The Company filed an execution petition bearing E.P. No. 98 of 2016 in Civil Suit No. 716 of 2010. The civil suit had been filed by the Company against N. Mohandas seeking payment of a sum of INR 3,022,677 together with interest at the rate of 30% from the date of the suit till the date of repayment. On September 11, 2015 the court directed the respondent to pay a sum of INR 3,022,677 along with interest at the rate of 18%. During the pendency of the suit the Company filed an application seeking the court's permission to have the respondent furnish security within a specified time period, failing which, to attach the defendant's property. The execution petition was filed seeking to transmit the decree and judgment to the District Munsiff Court at Sriperumbudur. The EP.No. 62/2018 is filed and transferred to Kanchipuram court for execution and renumbered as EP.No. 09/19, and posted to September 20, 2019 for counter of the judgment debtor. CrlMP01/2019 was aso filed to the Kanchipuram court and was dismissed on August 31, 2019.

7. The enquiry officer / CSR, K.V. Chakravarti, issued a notice dated December 16, 2014 stating that he had been appointed to enquire into certain fraudulent activities pertaining to jewels pledged for loans in

the K746 OK Chettipalayam Primary Agricultural Co-operative Credit Society, which were allegedly removed and re-pledged at the branches of the Company for availing loans. The Company filed a writ petition before the High Court of Madras seeking directions to stay the operations initiated through the issue of the notice dated December 16, 2014. Pursuant to an order passed in CMP No. 3129 of 2014 dated December 22, 2014, the Company handed over the jewels pledged with them. The gold is thereby seized by the registrar of Co-operative Society. Subsequently the Company lodged a complaint with the Coimbatore police seeking appropriate action to be taken against the President and the Secretary of the said society for misusing their official position and removing the jewels seized from the Company. The Company also filed CMP No. 2348 of 2015 seeking interim custody of the jewels. The Company sought that the court pass an order directing the respondents to produce the quantity and the details of the persons and members to whom they had handed over the jewels seized from the Company. The respondents filed a counterstatement claiming that they should not be required to disclose any details as the Company was not the owner of the said jewels. Regardless, they claimed that the Company had already received information regarding the jewels and the borrowers. It was also claimed that the Company had violated the KYC requirements prescribed by the Reserve Bank of India and required to be followed in relation to issuance of loans. The matter was posted to February 02, 2018 for orders. The Company filed civil suits along with IA for ABJ against 8 customers including President and Secretary of Co-operative Society and attached their properties. All 8 civil cases are posted for framing of issues. The Company also filed a petition under section 200 the Code of Criminal Procedure, 1973 to instruct the police to take cognizance against the President and Secretary of the co-operative society under section 420 of the Indian Penal Code, 1860 on vicarious liability. The court rejected the petition on default. The Company has filed a petition again and the same is pending for admission. Both CMP 2448/2017 under section 451 of the Code of Criminal Procedure, 1973 (for the interim custody of the seized gold) and the petition under section 200 of the Code of Criminal Procedure, 1973, are dismissed. Civil suits are pending as of date.

8. The Company filed a cheating case bearing Cr. No 570/2014 against Dhanavan, post which the respondent obtained bail from the jurisdictional High Court. The Company thereafter filed a civil suit at the Mananthavady Sub Court in O.S. No. 21/2014 to attach Dhanavan's property, including the bank account maintained by him with Federal bank, Nedumbasserry Branch. In O.S. No. 21/2014 the issues were framed, the balance court fee paid and the case was listed to May 29, 2018 for evidence. The suit no O.S. No. 21/2014 is listed for evidence and posted to October 14, 2019. Police has filed charge sheet in Cr. No. 570/2014 and the case is numbered as.CC. No. 436/18. The Cr. No. 570/2014 has been renumbered as CC 436/2018 and is posted to November11, 2019 for hearing.

9. The Company has filed a plaint in the civil suit bearing O.S. No. 163/2013 against G. Sundaresan seeking the defendant to pay a sum of INR 2,530,542. The case was decreed ex-parte. The defendant however fraudulently transferred his property to his wife. The Company subsequently filed an execution petition bearing EP No. 42/2016. The matter has been posted to June 15, 2018 for settlement. EP 42/2016 is adjourned to September 18, 2019 for hearing.

10. The Company filed a plaint before the Senior Civil Judge at Mangalore in OS 87/2013 against Sathish Shetty, C. Seetharam and Reshmalatha, seeking a decree against the defendants jointly and severally, to pay a sum of INR 2,966,822 to the Company and if the defendants failed to pay this amount within the time frame stipulated by the court, a decree permitting the Company to auction certain gold ornaments pledged with it in a public auction. The Company also filed a plaint before the same court in OS 88/2013 against Chethana S. Shetty, C. Seetharam and Reshmalatha, directing the defendants therein to jointly and severally pay the Company a sum of INR 17,780 and a sum of INR 4,508,608 in respect of an SPL loan account bearing numbers 6649, 6686, 6807, 6825, 6860 and 6861. The Company also sought a decree permitting it to auction certain gold ornaments pledged with it in a public auction if the amounts were not paid to it within the time frame prescribed. Separately, a charge sheet bearing reference number CC 480/12 was filed against the defendants. The criminal matter was posted for evidence while the civil cases had been posted to May 16, 2018 for orders. The property and

the bond deposit of the defendant have been attached conditionally. Both OS 87/2013 and OS 88/2013 were partly decreed on February 16, 2018. The Company has filed appeals to modify the decrees before High Court of Karnataka. The Criminal Case i.e. CC 480/2012, has been posted to November 06, 2019 for further evidence.

11. The Company filed a civil case bearing O.S. No. 12/12 against P.S. Ratna Deep, a former branch manager of the Company working at the Jangareddygudem branch. The suit for recovery was filed by the Company seeking recovery of a sum of INR 3,612,354, which was the amount allegedly misappropriated by the defendant. The case was dismissed by the court. The Company has filed an appeal before the High Court at Hyderabad and this was admitted by the court as AS. No. 1110/2016. The appeal has been posted for hearing. Separately, the police filed a charge sheet bearing reference number CC 545/2016 and the court has issued summons to the accused to be present before it. The trial is presently underway in this matter. The petition filed by the Company under section 451 of the Code of Criminal Procedure, 1973 is also pending and arguments will commence post completion of the trial. Both CC 545/2016 and CC 566/2016 are re numbered as CC 680/16 and CC 681/16. Both cases are posted to October 09, 2019 for hearing."

12. The Company has filed a plaint before the Hon'ble Sub Court, Mavelikara in O.S. No. 14/2014 against George Mathew and Laila George seeking recovery of an amount of INR 3,127,000 with 18% interest from George Mathew and his assets and a declaration that a sale deed executed by the defendant be cancelled. The Company has also filed a criminal case against the defendants and a FIR has been registered and the matter is presently under investigation. A charge sheet has not yet been filed in this matter. The court has issued an injunction order restraining the respondents from alienating the property in dispute and encumbering the property till April 11, 2014. O.S. No. 14/2014 was dismissed by the court on September 10, 2018 hence the Company has filed an appeal before honorable High court of Kerala.

13. The Company filed CC 872/11 under section 138 of the Negotiable Instruments Act, 1881. This was dismissed by the court due to the demise of the accused. Separately, O.S. No. 90/2011 filed by the Company was decreed in its favour, as described above in paragraph 8 of '*Civil Cases*' under '*Litigations against the Company*'. The Company therefore filed an execution petition bearing EP No. 98/2015 and the case was posted to February 19, 2018. Further, the police have filed a charge sheet in the criminal case bearing Cr No. 108/2011 as CC 191/16 and the case has been transferred to the 3rd Metropolitan Magistrate’s Court and it is posted for appearance of the accused. Certain accused in CC 191/2016 have filed a petition before the jurisdictional High Court to quash the charges levelled against them. The Company has filed a counter against this petition before the High Court. EP No. 98/2015 is posted to October 14, 2019 for hearing in EA."

Notices received by the Company from the Registrar of Companies, Kerala and Lakshadweep ("RoC")

1. The Company has received a SCN dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of section 134(3)(h) and section 188(1) of the CA 13. The allegations by the RoC pertain to non-disclosure of a related party transaction in the Board's report for the financial year ended March 31, 2017, being an acquisition by the Company of the shares of Muthoot Insurance Brokers Private Limited for an aggregate consideration of INR 200,000,000 at a price of INR 400 per share. The RoC has stated that such transaction cannot be termed as being in the "ordinary course of business" of the Company, and therefore not exempt from attendant compliance requirements for related party transactions. The Company has responded to such SCN on June 14, 2019 stating that: **(a)** such transaction was on an arms' length basis as determined by its audit committee and the provisions of section 188(1) of the CA 2013 are not applicable; **(b)** the charter documents of the Company list insurance broking activities as one of the main objects of the Company; **(c)** the provisions of section 134(3)(h) are applicable only to transactions which are covered under section 188(1) of the CA 2013, and **(d)** the transaction involving the investment in the shares of Muthoot Insurance Brokers (P) Limited does not constitute a transaction falling under any of the matters specified under

section 188(1) of CA 2013 and hence the provisions of section 188 are not applicable. As on the date of this Offering Circular, no further communication has been received from the RoC.

2. The Company has received a SCN dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of section 129(1) of the CA 2013, stating that a diminution in value of the long term quoted investments made by the Company were not reflected in the Company's financial statements, therefore resulting in non-compliance with statutorily prescribed accounting standards. The Company has responded to such SCN on June 14, 2019 stating that such diminution was temporary in nature and did not warrant any provisions in the Company's financial statements, as per the accounting standards. As on the date of this Offering Circular, no further communication has been received from the RoC.

3. The Company has received SCNs dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of section 134(3)(h) and section 188(1) of the CA 2013, stating that the Company failed to furnish documentary evidence during an inquiry conducted by the RoC, to indicate that the rent and business promotion expenses made in the financial year ending March 31, 2017 were in the Company's ordinary course of business and conducted on an arms' length basis. The Company has submitted detailed responses to such SCNs on June 14, 2019, listing out the commercial terms of such transactions on a sample basis. The Company has also stated that the commercial terms are similar to the terms entered into with unrelated parties and such transactions do not fall within the category of "material transactions" of a listed Company as stipulated under the SEBI LODR. Additionally, the Company has stated that such related party transactions are in the ordinary course of business and conducted on an arms' length basis as scrutinised by the Company's audit committee and therefore, the provisions of section 188(1) and section 134(3)(h) of the CA 2013 are not applicable. As on the date of this Offering Circular, no further communication has been received from the RoC.

4. The Company has received a SCN dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of Section 135 read with section 134(3)(o) of the CA 2013, alleging that the Company failed to spend a stipulated portion of its profits on corporate social responsibility during the financial years ending March 31, 2015, March 31, 2016 and March 31, 2017 and not furnished a justification for not spending such amount in the Board's report. The Company has responded to such SCN on June 14, 2019, stating that details of its expenditure on corporate social responsibility along with justification of unspent amount for the relevant financial years has been included in the Board's report for such financial years. Such reports have also been annexed to the response dated June 14, 2019. As on the date of this Offering Circular, no further communication has been received from the RoC.

5. The Company has received a SCN dated May 15, 2019 from the RoC alleging that the Company has failed to pay interest on matured debentures as on the financial year ending March 31, 2017, resulting in the existing directors being potentially disqualified from re-appointment on the Board or from acting as directors of any Company for a period of five years. The Company has responded to such SCN on June 14, 2019, stating that the Company has always paid requisite amounts on matured debentures and any unpaid amounts, as reflected in the Company's financial statements, are on account of such amounts being unclaimed due to technical reasons or rejections due to non-submission of discharged debenture certificates or non-availability of the debenture holder. The Company stated that it has not defaulted in redeeming any debentures and the unpaid balance is solely on account of unclaimed amounts by the debenture holders. As on the date of this Offering Circular, no further communication has been received from the RoC.

6. The Company has received a SCN dated July 26, 2019 from the RoC alleging that the Company has failed to take any penal action against an alleged act of fraud amounting to INR 1,800,000 by a former branch manager of the Company, Ahmed Khan G at the Sultanpalya Branch, Bangalore ("**Branch Manager**") and initiating proceedings under section 447 of the CA 2013 against the Company. The Company has responded to such SCN on August 21, 2019, stating that the Company has provided all assistance to the governmental authorities in the enquiry in relation to its management and affairs. The Company has further clarified that a police complaint has been filed against the Branch Manager on January 14, 2017 and that he has been dismissed from service with effect from January 1, 2017. The Company has also reported the alleged fraud in its Fraud Monitoring Report submitted to the Reserve Bank of India. Further, the Branch Manager has been arrested and sent to police custody, pending hearing of the proceedings before the High Court of Karnataka, at Bangalore. The Company has

clarified that it does not carry on its business for any unlawful or fraudulent purpose to attract penalties under section 206(4) or section 447 of the CA 2013. As on the date of this Offering Circular, no further communication has been received from the RoC.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Tranche III Issue

At the meeting of the Board of Directors of our Company, held on May 16, 2018, the Directors approved the issuance to the public of Secured NCDs and unsecured redeemable non-convertible debentures of face value of ₹ 1,000 each, aggregating up to ₹ 60,000 million.

The present Issue through the Shelf Prospectus of Secured NCDs is for an amount upto ₹ 40,000 million ("**Shelf Limit**"), hereinafter called the "Issue" was approved by NCD Committee meeting dated January 09, 2019.

The present Tranche III Issue through this Tranche III Prospectus of Secured NCDs for an amount up to ₹ 1,000 million, with an option to retain oversubscription up to an amount of ₹ 9,000 million, aggregating up to ₹ 10,000 million, was approved by the NCD Committee at its meeting dated September 19, 2019.

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' vide their resolution dated September 25, 2014.

Prohibition by SEBI

Our Company, persons in control of our Company and/or our Promoters and/or our Directors 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 restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

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 BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED AND A. K. CAPITAL SERVICES LIMITED, HAVE CERTIFIED THAT 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 TRANCHE III ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUE IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED AND A. K. CAPITAL SERVICES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED September 19, 2019 WHICH READS AS FOLLOWS:

"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.

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 will be given.

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 as amended.

We confirm that no comments/complaints were received on the Draft Shelf Prospectus dated January 28, 2019 filed on the website of BSE Limited, being the Designated Stock Exchange.

We also confirm that all relevant provisions of the Companies Act, 2013 (to the extent notified as on the date of the Tranche III Prospectus), Securities Contracts, (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines, Circulars issued thereunder are complied with.

Disclaimer Clause of the BSE

BSE Limited ("the Exchange") has given, vide its letter dated February 05, 2019, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to Independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by any reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED DECEMBER 12, 2008 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF 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.

Listing

Application will be been made to the BSE simultaneously with the filing of the Tranche III Prospectus for permission to deal in and for official quotation in NCDs. If permission to deal in and for an official quotation of our NCDs is not granted by the BSE, our Company will forthwith repay, without interest, all monies received from the applications in pursuance of this Tranche III 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 Tranche III Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of lead manager	Website
Edelweiss Financial Services Limited	www.edelweissfin.com
A. K. Capital Services Limited	www.akgroup.co.in

Consents

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Managers, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) the Debenture Trustee, (i) IMaCs for the inclusion of the industry report; (j) Statutory Auditor; (k) lenders of the Company; (l) Lead Brokers; and (m) Banker to the Issue, to act in their respective capacities, have been obtained and the same will be filed along with a copy of the Tranche III Prospectus with the ROC, stock exchange and SEBI.

The consent of the Statutory Auditors of our Company, namely Varma & Varma for inclusion of: (a) their names as the Statutory Auditors, (b) examination reports on Reformatted Financial Statements in the form and context in which they appear in the Shelf Prospectus; (c) Independent auditors reports on Audited Financial Statements (under Ind AS) for the year ended March 31, 2019 included in the Tranche III Prospectus; (d) the statement of tax benefits available to the debenture holders in the form and context in which they appear in this Tranche III Prospectus; (e) report on limited review of unaudited standalone and consolidated financial results for the quarter ended June 30, 2019; (f) Independent Auditor's Certificates on 'Statement of Accounting Ratios' – Standalone and Consolidated; (g) Independent Auditor's Certificate on 'Statement of Dividend in respect of Equity Shares; and (h) Independent Auditor's Certificate on Disclosure pursuant to Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been obtained and has not withdrawn such consent and the same will be filed along with a copy of the Tranche III Prospectus with the ROC, stock exchange and SEBI.

Expert Opinion

Except the: (a) examination reports on Reformatted Financial Statements in the form and context in which they appear in the Shelf Prospectus; (b) Independent auditors reports on Audited Financial Statements (under Ind AS) for the year ended March 31, 2019 included in the Tranche III Prospectus; (c) the statement of tax benefits available to the debenture holders in the form and context in which they appear in this Tranche III Prospectus; (d) report on limited review of unaudited standalone and consolidated financial results for the quarter ended June 30, 2019; (e) Independent Auditor's Certificates on 'Statement of Accounting Ratios' – Standalone and Consolidated; (f) Independent Auditor's Certificate on 'Statement of Dividend in respect of Equity Shares; (g) Independent Auditor's Certificate on Disclosure pursuant to Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and (h) IMaCS Industry Report-Gold Loan Market in India 2018 and IMaCS Industry Report-Gold Loan Market in India 2017, the Company has not obtained any expert opinions.

Common form of Transfer

All trading / transfers of NCDs will only be in demat form and as per the provisions of the Companies Act, 2013 applicable as on the date of this Tranche III Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

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. ₹ 750 million. If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 750 million within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within the timelines prescribed under Applicable Law. In the event, there is a delay, by our Company in making the aforesaid refund within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Filing of the Draft Shelf Prospectus

A copy of the Draft Shelf Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 7 of the SEBI Debt Regulation for dissemination on their website and the SEBI.

Filing of the Shelf Prospectus and Tranche III Prospectus with the RoC

A copy of the Shelf Prospectus dated February 05, 2019 has been filed with the Registrar of Companies in accordance with Section 26 and Section 31 of the Companies Act, 2013. A copy of this Tranche III Prospectus will be filed with the Registrar of Companies in accordance with Section 26 and Section 31 of the Companies Act, 2013

Investment in relation to maturing debentures

Section 71 of the Companies Act, 2013, read with Rule 18 made under Chapter IV of the Companies Act, 2013, requires that any listed company that intends to issue debentures to the public must, on or before the 30th day of April of each year, in respect of such publicly issued debentures, invest an amount not less than 15% of the amount of the debentures maturing during the financial year which is ending on the 31st day of March of the next year, in any one or more of the following methods: (a) in deposits with any scheduled bank, free from any charge or lien; (b) in unencumbered securities of the Central Government or any State Government; (c) in unencumbered securities mentioned under section 20 of the Indian Trusts Act, 1882; or (d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882. Such invested amount shall not be used for any purpose other than for redemption for debentures maturing during the financial year which is ending on the 31st day of March of the next year. Further, the invested amount shall not, at any time, fall below 15% of the amount of the debentures maturing in such financial year.

Underwriting

This Tranche III Issue has not been underwritten.

Identification as wilful defaulter

Neither our Company nor any Promoter or Director is a wilful defaulter identified by the RBI/ECGC or any other governmental authority nor in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months.

Reservation

No portion of this Tranche III Issue has been reserved.

Details regarding the Company and other listed companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956, which made any capital issue during the last three years

On May 03, 2011, our Company issued and allotted 51,500,000 equity shares at a price of ₹ 175 per such Equity Share, amounting to an aggregate of ₹ 9,012,500,000 pursuant to an initial public offer under the which opened on April 18, 2011 and closed on April 21, 2011. The electronic credit of the equity shares to investors pursuant to the initial public offer was completed on May 04, 2011.

On April 29, 2014, our Company issued and allotted 25,351,062 Equity Shares at a price of ₹ 165 per Equity Share, amounting to an aggregate of ₹ 4,182.93 million pursuant to an institutional placement programme under Chapter VIII – A of the SEBI ICDR Regulations which opened and closed on April 25, 2014. The electronic credit of the Equity Shares to investors pursuant to the institutional placement programme was completed on April 29, 2014. There are no listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956.

On January 06, 2015, ESOP Committee of Board of Directors of our company has allotted 6,48,581 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 4,85,181 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 163,400 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On March 06, 2015, ESOP Committee of Board of Directors of our company has allotted 2,54,008 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 1,68,960 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 85,048 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On June 4, 2015, ESOP Committee of Board of Directors of our company has allotted 33,541 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 21,641 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 11,900 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On September 15, 2015, the ESOP Committee of Board of Directors of the Company has allotted 44,036 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 9,394 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 34,642 options of ₹ 50 each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On March 16, 2016, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 9,58,336 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 6,02,106 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 3,56,230 options of ₹ 50 each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On June 27, 2016, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 48,602 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 23,782 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 24,820 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On December 21, 2016, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 404,805 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise of 12,525 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 392,280 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On March 23, 2017, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 19,810 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 19,810 options of ₹ 50 each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On May 09, 2017, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 60,747 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 3,512 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 57,235 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On August 07, 2017, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 30,393 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 4,113 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 26,280 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On December 11, 2017, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 347,225 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 2,575 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 344,650 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On March 29, 2018, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 127,325 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 3,225 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 124,100 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On May 15, 2018, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 50,205 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 1,925 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 48,280 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On September 19, 2018, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 120,327 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 3,237 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 117,090 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On December 18, 2018, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 371,510 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 2,125 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 369,385 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On February 20, 2019, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 45,080 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 45,080 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On March 23, 2019, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 32,955 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 32,955 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by Employees of the Company.

On June 21, 2019, Nomination and Remuneration Committee of Board of Directors of the Company has allotted 41,080 equity shares of face value of ₹ 10 each under the Muthoot ESOP 2013 pursuant to exercise 41,080 options of ₹ 50 each for Growth Options (face value ₹ 10 each) by Employees of the Company.

Public/ Rights Issues

On May 03, 2011, our Company issued and allotted 51,500,000 Equity Shares at a price of ₹ 175 per Equity Share, amounting to an aggregate of ₹ 9,012,500,000 pursuant to an initial public offer under the SEBI ICDR Regulations which opened on April 18, 2011 and closed on April 21, 2011. The electronic credit of the Equity Shares to investors pursuant to the initial public offer was completed on May 04, 2011.

On September 14, 2011, our Company issued and allotted 6.93 million secured, redeemable non-convertible debentures ("**PL- I NCDs**") at a price of ₹ 1,000 per PL- I NCD, amounting to an aggregate of ₹ 6,932.81 million pursuant to a public offer under the SEBI Debt Regulations which opened on August 23, 2011 and closed on September 05, 2011. The electronic credit of the PL-I NCDs to investors pursuant to this public offer was completed on September 16, 2011.

On January 18, 2012, our Company issued and allotted 4.59 million secured, redeemable non-convertible debentures ("**PL- II NCDs**") at a price of ₹ 1,000.00 per PL- II NCD, amounting to an aggregate of ₹ 4,593.20 million pursuant to a public offer under the SEBI Debt Regulations which opened on December 22, 2011 and closed on January 07, 2012. The electronic credit of the PL-II NCDs to investors pursuant to this public offer was completed on January 19, 2012.

On April 18, 2012, our Company issued and allotted 2.60 million secured, redeemable non-convertible debentures ("**PL- III NCDs**") at a price of ₹ 1,000.00 per PL- III NCD, amounting to an aggregate of ₹ 2,597.52 million pursuant to a public offer under the SEBI Debt Regulations which opened on March 02, 2012 and closed on April 09, 2012. The electronic credit of the PL-III NCDs to investors pursuant to this public offer was completed on April 19, 2012.

On November 01, 2012, our Company issued and allotted 2.75 million secured, redeemable non-convertible debentures ("**PL- IV NCDs**") at a price of ₹ 1,000.00 per PL- IV NCD, amounting to an aggregate of ₹ 2,749.40 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 17, 2012 and closed on October 22, 2012. The electronic credit of the PL-IV NCDs to investors pursuant to this public offer was completed on November 02, 2012.

On September 25, 2013, our Company issued and allotted 2.79 million secured, redeemable non-convertible debentures and 0.21 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL- V NCDs**") at a price of ₹ 1,000.00 per PL- V NCD, amounting to an aggregate of ₹ 3,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 02, 2013 and closed on September 16, 2013. The electronic credit of the PL-V NCDs to investors pursuant to this public offer was completed on September 26, 2013.

On December 04, 2013, our Company issued and allotted 2.77 million secured, redeemable non-convertible debentures and 0.23 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL- VI NCDs**") at a price of ₹ 1,000.00 per PL- VI NCD, amounting to an aggregate of ₹ 3,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on November 18, 2013 and closed on November 25, 2013. The electronic credit of the PL-VI NCDs to investors pursuant to this public offer was completed on December 05, 2013.

On February 04, 2014, our Company issued and allotted 4.56 million secured, redeemable non-convertible debentures and 0.44 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL- VII NCDs**") at a price of ₹ 1,000.00 per PL- VII NCD, amounting to an aggregate of ₹ 5,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on December 27, 2013 and closed on January 27, 2014. The electronic credit of the PL-VII NCDs to investors pursuant to this public offer was completed on February 05, 2014.

On April 02, 2014, our Company issued and allotted 1.79 million secured, redeemable non-convertible debentures and 0.19 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL- VIII NCDs**") at a price of ₹ 1,000.00 per PL- VIII NCD, amounting to an aggregate of ₹ 1,979.28 million pursuant to a public offer under the SEBI Debt Regulations which opened on March 10, 2014 and closed on March 21 2014. The electronic credit of the PL-VIII NCDs to investors pursuant to this public offer was completed on April 03, 2014.

On April 29, 2014, our Company issued and allotted 25,351,062 Equity Shares at a price of ₹ 165 per Equity Share, amounting to an aggregate of ₹ 4,182.93 million pursuant to an institutional placement programme under Chapter VIII – A of the SEBI ICDR Regulations which opened and closed on April 25, 2014. The electronic credit of the Equity Shares to investors pursuant to the institutional placement programme was completed on April 29, 2014.

On July,04, 2014, our Company issued and allotted 4.29 million secured, redeemable non-convertible debentures and 0.36 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-IX NCDs**") at a price of ₹ 1,000.00 per PL-IX NCD, amounting to an aggregate of ₹ 4,661.94 million pursuant to a public offer under the SEBI Debt Regulations which opened on May 26, 2014 and closed on June 26 2014. The electronic credit of the PL-IX NCDs to investors pursuant to this public offer was completed on July 07, 2014.

On September, 26, 2014, our Company issued and allotted 3.67 million secured, redeemable non-convertible debentures and 0.30 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-X NCDs**") at a price of ₹ 1,000.00 per PL-X NCD, amounting to an aggregate of ₹ 3,977.82 million pursuant to a public offer under the SEBI Debt Regulations which opened on August 18, 2014 and closed on September 18 2014. The electronic credit of the PL-X NCDs to investors pursuant to this public offer was completed on September 30 2014.

On December 29, 2014, our Company issued and allotted 3.61 million secured, redeemable non-convertible debentures and 0.39 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XI NCDs**") at a price of ₹ 1,000.00 per PL-XI NCD, amounting to an aggregate of ₹ 4,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on November 19, 2014 and closed on December 18, 2014. The electronic credit of the PL-XI NCDs to investors pursuant to this public offer was completed on December 31, 2014.

On April 23, 2015, our Company issued and allotted 2.71 million secured, redeemable non-convertible debentures and 0.29 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XII NCDs**") at a price of ₹ 1,000.00 per PL-XII NCD, amounting to an aggregate of ₹ 3,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on March 25, 2015 and closed on April 15, 2015. The electronic credit of the PL-XII NCDs to investors pursuant to this public offer was completed on April 27, 2015.

On October 14, 2015, our Company issued and allotted 4.64 million secured, redeemable non-convertible debentures and 0.36 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XIII NCDs**") at a price of ₹ 1,000.00 per PL-XIII NCD, amounting to an aggregate of ₹ 5,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 07, 2015 and closed on October 05, 2015. The electronic credit of the PL-XIII NCDs to investors pursuant to this public offer was completed on October 15, 2015.

On January 20, 2016, our Company issued and allotted 4.15 million secured, redeemable non-convertible debentures and 0.23 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XIV NCDs**") at a price of ₹ 1,000.00 per PL-XIV NCD, amounting to an aggregate of ₹ 4385.24 million pursuant to a public offer under the SEBI Debt Regulations which opened on December 07, 2015 and closed on January 11, 2016. The electronic credit of the PL-XIV NCDs to investors pursuant to this public offer was completed on January 22, 2016.

On May 12, 2016, our Company issued and allotted 4.76 million secured, redeemable non-convertible debentures and 0.24 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XV NCDs**") at a price of ₹ 1,000.00 per PL-XV NCD, amounting to an aggregate of ₹ 5000.00 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 04, 2016 and closed on May 03, 2016. The electronic credit of the PL-XV NCDs to investors pursuant to this public offer was completed on May 13, 2016.

On January 30, 2017, our Company issued and allotted 13.00 million secured, redeemable non-convertible debentures and 0.31 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XVI NCDs**") at a price of ₹ 1,000.00 per PL-XVI NCD, amounting to an aggregate of ₹ 13317.76 million pursuant to a public offer under the SEBI Debt Regulations which opened on January 17, 2017 and closed on January 18, 2017. The electronic credit of the PL-XVI NCDs to investors pursuant to this public offer was completed on January 31, 2017.

On April 24, 2017, our Company issued and allotted 19.50 million secured, redeemable non-convertible debentures and 0.19 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XVII NCDs**") at a price of ₹ 1,000.00 per PL-XVII NCD, amounting to an aggregate of ₹ 19,687.17 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 11, 2017 and closed on April 12, 2017. The electronic credit of the PL-XVII NCDs to investors pursuant to this public offer was completed on April 25, 2017.

On April 19, 2018, our Company issued and allotted 30.00 million secured, redeemable non-convertible debentures ("**PL-XVIII NCDs**") at a price of ₹ 1,000.00 per PL-XVIII NCD, amounting to an aggregate of ₹ 30,000.00 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 09, 2018 and closed on April 10, 2018. The electronic credit of the PL-XVIII NCDs to investors pursuant to this public offer was completed on April 20, 2018.

On March 20, 2019, our Company issued and allotted 7.09 million secured, redeemable non-convertible debentures ("**PL-XIX NCDs**") at a price of ₹ 1,000.00 per PL-XIX NCD, amounting to an aggregate of ₹ 7,094.57 million pursuant to a public offer under the SEBI Debt Regulations which opened on February 14, 2019 and closed on March 14, 2019. The electronic credit of the PL-XIX NCDs to investors pursuant to this public offer was completed on March 20, 2019.

On June 14, 2019, our Company issued and allotted 8.52 million secured, redeemable non-convertible debentures ("**PL-XX NCDs**") at a price of ₹ 1,000.00 per PL-XX NCD, amounting to an aggregate of ₹ 8,517.01 million pursuant to a public offer under the SEBI Debt Regulations which opened on May 10, 2019 and closed on June 10, 2019. The electronic credit of the PL-XX NCDs to investors pursuant to this public offer was completed on June 14, 2019.

NCD Public Issue by Muthoot Homefin (India) Limited

On May 13, 2019, Muthoot Homefin (India) Limited issued and allotted 2.84 million secured, redeemable non-convertible debentures at a price of ₹ 1,000.00, amounting to an aggregate of ₹ 2,837.84 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 08, 2019 and closed on May 07, 2019. The electronic credit of the NCDs to investors pursuant to this public offer was completed on May 13, 2019.

Previous Issue

Except as stated in the sections titled "*Capital Structure*" and "*Disclosures on existing financial indebtedness*" on pages 65 and 114 of this Tranche III Prospectus respectively, our Company has not made any other issue of non convertible debentures.

Other than as specifically disclosed in this Tranche III Prospectus, our Company has not issued any securities for consideration other than cash.

Utilisation details of Previous Issues

S.No.	Instrument	Issue Open Date	Allotment date	Gross proceeds raised through the Issue(Rs.in Million)	Issue Related Expenses (Rs. In Million)	Net proceeds of the issue after deducting the issue related expenses (Rs.in Million)	Objects of the Issue as per respective Prospectus	Net Utilisation of Proceeds
1.	Equity Shares	18/04/2011	03/05/2011	9012.50	151.30	8861.20	The Proceeds raised through the issue after meeting issue related expenses will be utilised to augment our capital base to meet future capital requirements to provide for funding of loans	Fully utilised according to the objects of the issue

							to our customers and general corporate purposes	
2.	Secured, redeemable non-convertible debentures	23/08/2011	14/09/2011	6932.81	127.70	6805.11	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	Fully utilised according to the objects of the issue
3.	Secured, redeemable non-convertible debentures	22/12/2011	18/01/2012	4593.20	75.10	4518.10	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	Fully utilised according to the objects of the issue
4.	Secured, redeemable non-convertible debentures	02/03/2012	18/04/2012	2597.52	36.30	2561.22	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our	Fully utilised according to the objects of the issue

							capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	
5.	Secured, redeemable non-convertible debentures	17/09/2012	01/11/2012	2749.40	36.45	2712.95	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	Fully utilised according to the objects of the issue
6.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	02/09/2013	25/09/2013	3000.00	25.25	2974.75	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	Fully utilised according to the objects of the issue
7.	Secured, redeemable non-convertible debentures &	18/11/2013	04/12/2013	3000.00	24.60	2975.40	The funds raised through this Issue will be utilised for our various financing activities	Fully utilised according to the objects of

	Unsecured, redeemable non-convertible debentures						including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	the issue
8.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	27/12/2013	04/02/2014	5000.00	35.78	4964.22	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	Fully utilised according to the objects of the issue
9.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	10/03/2014	02/04/2014	1979.28	14.76	1964.52	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject	Fully utilised according to the objects of the issue

							to applicable statutory/regulatory requirements.	
10.	Equity Shares	25/04/2014	29/04/2014	4182.93	45.76	4137.17	The Proceeds raised through the issue after meeting issue related expenses will be utilised to augment the long term resources by way of enhancing the capital base to meet future capital requirements and provide funding for loans to the customers of our Company and for general corporate purposes.	Fully utilised according to the objects of the issue
11.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	26/05/2014	04/07/2014	4661.94	13.61	4648.33	The funds raised through this Issue will be utilised for our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.	Fully utilised according to the objects of the issue
12.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	18/08/2014	26/09/2014	3977.82	10.39	3967.43	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
13.	Secured, redeemable non-convertible debentures & Unsecured, redeemable	19/11/2014	29/12/2014	4000.00	9.46	3990.54	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of	Fully utilised according to the objects of the issue

	non-convertible debentures						lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	
14.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	25/03/2015	23/04/2015	3000.00	7.02	2992.98	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
15.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	07/09/2015	14/10/2015	5000.00	11.98	4988.02	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
16.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	11/12/2015	20/01/2016	4385.24	11.43	4373.81	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
17.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	04/04/2016	12/05/2016	5000.00	12.71	4987.29	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of	Fully utilised according to the objects of the issue

							the amount raised and allotted in the Issue	
18.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	17/01/2017	30/01/2017	13317.76	184.05	13133.71	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
19.	Secured, redeemable non-convertible debentures & Unsecured, redeemable non-convertible debentures	11/04/2017	23/04/2017	19687.17	246.94	19440.23	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
20.	Secured, redeemable non-convertible debentures	09/04/2018	19/04/2018	30000.00	441.08	29558.92	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
21.	Secured, redeemable non-convertible debentures	14/02/2019	20/03/2019	7094.57	39.99	7054.58	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and	Fully utilised according to the objects of the issue

							allotted in the Issue	
22.	Secured, redeemable non-convertible debentures	10/05/2019	14/06/2019	8,517.01	47.06	8,469.95	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending- 75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes- 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue

Details regarding lending out of issue proceeds of Previous Issues

A. ***Lending Policy***

Please refer to the paragraph titled 'Gold Loan Business' under Chapter '*Our Business*' at page 90 of this Tranche III Prospectus.

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. The Company has not provided any loans/advances to "Group" entities out of the proceeds of Previous Issues.

C. ***Types of loans***

The loans given by the Company out of the proceeds of Previous Issues are loans against security of gold jewelry which are given primarily to individuals.

Types of loan given by the Company as on March 31, 2019 are as follows:

S. No	Type of loans	Amount (Rs in millions)
1	Secured	335,955.03
2	Unsecured	6,506.18
	Total	**342,461.20**
	Add: EIR Impact	**13,227.20**
	Total	**355,688.41**
	Less: ECL Provision	**6,359.08**
	Loan assets as per Balance sheet	**349,329.32**

- Note: *The loans given by the Company out of the proceeds of Previous Issues are loans against security of gold jewelry which are given primarily to individuals.*

Denomination of loans outstanding by ticket size as on March 31, 2019

S. No	Ticket size	Percentage of AUM
1	Upto Rs. 2 lakh	82.26%
2	Rs. 2-5 lakh	7.57%
3	Rs. 5-10 lakh	7.61%
4	Rs. 10-25 lakh	2.29%

5	Rs. 25-50 lakh	0.21%
6	Rs. 50 lakh-1 crore	0.04%
7	Rs. 1-5 crore	0.01%
8	Rs. 5-25 crore	0.00%
9	Rs. 25-100 crore	0.00%
10	>Rs. 100 crore	0.00%
		100.00%

Denomination of loans outstanding by LTV as on March 31, 2019

S. No	LTV	Percentage of AUM
1	Upto 40%	1.51%
2	40-50%	2.48%
3	50-60%	5.66%
4	60-70%	25.04%
5	70-80%	65.29%
6	80-90%	0.00%
7	>90%	0.02%
	Total	**100.00%**

Geographical classification of borrowers as on March 31, 2019

S. No.	Top 5 states	Percentage of AUM
1	Tamil Nadu	15.54 %
2	Karnataka	12.19 %
3	Andhra Pradesh	8.33 %
4	Delhi	7.99 %
5	Telangana	7.60 %
	Total	**51.65%**

Types of loans according to sectorial exposure as on March 31, 2019 is as follows:

S. No	Segment- wise breakup of AUM	Percentage of AUM
1	**Retail**	
a	Mortgages (home loans and loans against property)	
b	Gold Loans	98.07%
c	Vehicle Finance	
d	MFI	
e	M &SME	
f	Capital market funding (loans against shares, margin funding)	
g	Others	1.93%
2	**Wholesale**	
a	Infrastructure	
b	Real estate (including builder loans)	
c	Promoter funding	
d	Any other sector (as applicable)	
e	Others	
	Total	**100.00%**

Maturity profile of total loan portfolio of the Company as on March 31, 2019 is as follows:

Period	Amount (Rs in millions)
Less than 1 month	71,146.14
1-2 month	55,282.43
2-3 month	44,987.00
3-6 month	86,409.44
6 month -1 year	84,142.84
Above 1 year	13,892.76
Total	**355,860.62**
Less: Non sensitive to ALM	**6,531.30**
Total loans as per balance sheet	**349,329.32**

Note: *Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been drawn up on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.*

D. *Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31,2019*

	Amount (Rs in Million)
Total Advances to twenty largest borrowers	5,380.79
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.57%

E. *Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2019*

	Amount (Rs in Million)
Total Exposures to twenty largest borrowers/Customers	5,380.79
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers/Customers	1.57%

F. *Details of loans overdue and classified as stage 3 loan assets in accordance with Indian Acounting Standards.*

Movement of gross Stage 3 loan assets* (FY 2018-19)	**Amount (Rs in Million)**
(a) Opening balance	12,871.59
(b) Additions during the year	8,404.10
(c) Reductions during the year	11,949.69
(d) closing balance	9,326.00

* Please refer paragraph titled " Changes in Asset Classification & Provision Policy from Financial Year 2019 under IND AS" under chapter "Our Business" at page 90 of this Tranche III Prospectus for details on classification of loan assets as Stage 3 loan assets.

Movement of provisions for Stage 3 loan assets (FY 2018-19)	**Amount (Rs in Million)**
(a) Opening balance	1,900.96
(b) Provisions made during the year	-
(c) Write-off / write -back of excess provisions	606.00
(d) closing balance	**1,294.96**

G. *Segment –wise gross Stage 3 loan assets as on March 31, 2019*

S. no	**Segment- wise breakup of gross Stage 3 loan assets**	**Gross Stage 3 loan assets (%)**
1	**Retail**	
a	Mortgages (home loans and loans against property)	
b	Gold Loans	99.97%
c	Vehicle Finance	
d	MFI	
e	M &SME	
f	Capital market funding (loans against shares, margin funding)	
g	Others	0.03%
2	**Wholesale**	
a	Infrastructure	
b	Real estate (including builder loans)	
c	Promoter funding	
d	Any other sector (as applicable)	
e	Others	
	Total	**100.00%**

H. ***Classification of borrowings as on March 31, 2019***

S. No	Type of Borrowings	Amount (Rs in Million)	Percentage
1	Secured	210,177.36	78.14%
2	Unsecured	58,793.52	21.86 %
	Total	**268,970.88**	**100.00%**
	Less:EIR Impact on transaction cost	**639.36**	
	Total borrowings as per Balance Sheet	**268,331.52**	

I. ***Promoter Shareholding***

There is no change in promoter holdings in the Company beyond the threshold level stipulated at 26% during the last financial year.

J. ***Residual maturity profile of assets and liabilities as on March 31, 2019***

As at 31.03.2019	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 year	over 3 to 5 years	Over 5 years	Non sensitive to ALM **	Total
Liabilities										
Deposits	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Borrowings	11,082.93	17,742.43	23,869.66	1,715.97	1,40,016.50	55,140.78	18,897.69	504.93	(639.37)	2,68,331.52
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-
Advances*	71,146.14	55,282.43	44,987.00	86,409.44	84,142.84	13,669.64	218.31	4.82	(6,531.32)	3,49,329.32
Investments (other than investment in foreign subsidiary)	-	-	-	-	-	20.34	30.60	9,281.32	-	9,332.26
Foreign Currency assets (Investment in foreign subsidiary)	-	-	-	-	-	-	-	493.30	-	493.30

*Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

**represents adjustments on account of EIR/ECL

Material Contracts

Company has not entered into any material contracts other than in the ordinary course of business, in the last two years.

Legal Proceedings

Proceedings by Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last five years

Please refer to the section titled "*Pending Proceedings and Statutory Defaults*" on page 173 of this Tranche III Prospectus for all legal proceedings by Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last five years.

Proceedings involving the Company, promoter, director, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the position of the Company

We are involved in various legal proceedings including, among others, central excise duty and service tax cases and criminal proceedings. Except as described in the section titled "*Pending Proceedings and Statutory Defaults*" on page 173 of this Tranche III Prospectus, we believe that there are no legal proceedings involving the Company, promoter, director, subsidiaries, group companies or any other person, and in our opinion, no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Tranche III Prospectus, material adverse effect on our business, financial position, profitability or results of operations.

Proceedings initiated against the Company for economic offences

The Company has not received any notice from any statutory authority with regard to any economic offences.

Details of default and non-payment of statutory dues

Other than as disclosed in the section titled "*Pending Proceedings and Statutory Defaults*" on page 173 of this Tranche III Prospectus, the Company has not received any demand notice from any statutory agency for default and non-payment of statutory dues.

Investigations under company law

Other than as disclosed in the section titled "*Pending Proceedings and Statutory Defaults*" on page 173 of this Tranche III Prospectus, the Company and its Subsidiaries have not been investigated under any applicable company law in the last five years immediately preceding the year of issue of this Tranche III Prospectus.

Other than as disclosed in the section titled "*Pending Proceedings and Statutory Defaults*" on page 173 of this Tranche III Prospectus, no prosecutions have been filed (whether pending or not) or fines imposed or compounding of offences done in the last five years immediately preceding the year of the prospectus for the Company and all of its Subsidiaries.

Auditor Qualification

There have been no qualifications by the Statutory Auditors of the Company in the audited Financial Statements for the last five financial years immediately preceding the date of this Tranche III Prospectus.

Details of fraud committed against the Company

S.No.	Financial Year	Details of Fraud	Action taken by the Company
1.	2018-19	No fraud of material nature was committed against the company other than frauds committed by customer/staff of the company cumulatively amounting to Rs. 38.31 million	These amounts have been recovered/written off/provided for
2.	2017-18	No fraud of material nature was committed against the company other than frauds committed by customer/staff of the company cumulatively amounting to Rs.35.06 million	These amounts have been recovered/written off/provided for
3.	2016-17	No fraud of material nature was committed against the company other than frauds committed by customer/staff of the company cumulatively amounting to Rs. 15.38 million	These amounts have been recovered/written off/provided for
4.	2015-16	No fraud of material nature was committed against the company other	These amounts have been recovered/written off/provided for

		than frauds committed by customer/staff of the company cumulatively amounting to Rs. 16.48 million	
5.	2014-15	No fraud of material nature was committed against the company other than frauds committed by customer/staff of the company cumulatively amounting to Rs. 11.96 million	These amounts have been recovered/written off/provided for

Dividend

Our Company has a dividend policy approved by the Board. The Board of Directors may declare one or more interim dividends any time during the financial year. The Board may recommend final dividend after approval of the audited financial statements by the Board and will be paid after approval of shareholders in the Annual General Meeting. The Board will consider financial and other parameters stated in the policy for declaring both interim dividend and also for recommending final dividend as stated in the policy.

The dividends paid by our company are as follows

Financial Year	Nature of Dividend	Dividend Per Equity Share of Rs.10 each (in Rs.)
2018-19	Interim	12.00
2017-18	Interim	10.00
2016-17	Interim	6.00
2015-16	Interim	2.00
	Interim	4.00
2014-15	Final	2.00
	Interim	4.00
2013-14	Final	1.00
	Interim	2.00
	Interim	3.00
2012-13	Final	4.50
2011-12	Final	4.00

Revaluation of assets

The Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

The MOU between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least 3 years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Tranche III Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted. The contact details of Registrar to the Issue are as follows:

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli West,
Mumbai 400 089, India
Tel: (+91 22) 4918 6200
Fax: (+91 22) 4918 6195
Email:mfl.ncd2019@linkintime.co.in
Investor Grievance
Email: mfl.ncd2019@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) 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.

Maxin James has been appointed as the Compliance Officer of our Company for this Tranche III Issue.

The contact details of Compliance Officer of our Company are as follows:

Maxin James
Company Secretary
2nd Floor, Muthoot Chambers,
Opposite Saritha Theatre Complex
Banerji Road
Kochi - 682 018
Kerala, India
Tel: (+91 484) 6690 247
Fax: (+91 484) 2396506
Email: cs@muthootgroup.com

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

Change in Auditors of our Company during the last three years

Rangamani & Co. has been the statutory auditor of the Company since September 11, 2002 and continued as the Statutory Auditor of the Company till September 20, 2017. Members of the Company in their Annual General meeting dated September 20, 2017 appointed Varma & Varma, Chartered Accountants, FRN 004532S in place of retiring Auditors Rangamani & Co. Details of changes in the statutory auditors of the Company in the last 3 years have been summarised below:

Name	**Address**	**Date of Appointment / Resignation / Retirement**	**Auditor of the Company since (in case of resignation)**	**Remarks**
Rangamani & Co.	M/s. Rangamani & Co, Chartered Accountants, FRN: 003050S, 17/598, 2nd Floor, Card Bank Building, West of YMCA, VCSB Road, Allepey - 688 011	September 20, 2017' (Retirement)	September 11, 2002	Retirement on account of expiry of the term of engagement.

Varma & Varma, Chartered Accountants	M/s. Varma & Varma, Chartered Accountants, FRN: 004532S, "Sreeraghavam", Kerala Varma Tower, Bldg No. 53/2600 B, C, D & E, Off Kunjanbava Road, Vyttila P.O., Kochi- 682019	September 20, 2017' (Appointment)	-	Appointment on account of expiry of the term of engagement of the previous statutory auditor, Rangamani & Co.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the 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 Company is a systemically important NBFC which does not accept public deposits. As such, our business activities are regulated by RBI regulations applicable to non-public deposit accepting NBFCs ("**ND-NBFC**").The Company also carries out the business of wind power generation at certain locations in India.

Following are the significant regulations that affect our operations:

I. NBFC regulations

The Reserve Bank of India Act

The RBI regulates and supervises activities of NBFCs. Chapter III B of the Reserve Bank of India Act of 1934 ("**RBI Act**") empowers the RBI to regulate and supervise the activities of all NBFCs in India. The RBI Act defines an NBFC under Section 45-I (f)

(i) "a financial institution which is a company;

(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."

Section 45-I(c) of the RBI Act, further defines "financial institution" to mean any non-banking institution which, among other things, carries on the business or part of its business of making loans or advances and the acquisition of shares, stock, bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature.

The RBI has clarified through a press release (Ref. No. 1998-99/ 1269) dated April 08, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if (**a**) its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (**b**) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC, which comes into existence after the commencement of the Reserve Bank of India (Amendment) Act shall commence or carry on the business of a non banking financial institution without obtaining a certificate of registration. In terms of notification No. DNBS.132/CGM(VSNM)-99 dated April 21, 1999 the minimum net owned fund for a company applying for such certificate of registration was ` 20,000,000, however the minimum net owned fund prescribed for companies already in existence prior to the notification was retained at ` 2,500,000. The RBI has now mandated that all NBFCs shall attain a minimum net owned fund of ` 20,000,000 by March 31, 2017, as per the following milestones: (i) ` 10,000,000 by March 31, 2016 and (ii) ` 20,000,000 by the end of March 31, 2017. NBFCs failing to maintain such net owned fund in the prescribed time shall not be entitled to hold a certificate of registration as an NBFC.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a ND-NBFC or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

Systemically Important ND-NBFCs

All ND-NBFCs with an asset size of ₹ 5,000 million or more as per the last audited balance sheet will be considered as a systemically important ND-NBFC (NBFC – ND - SI). RBI by a notification dated June 04, 2009 had clarified that once an NBFC reaches an asset size of ₹ 1,000 million, or above, it shall come under the regulatory requirement for systemically important ND-NBFC, despite not having such assets on the date of the last balance sheet. The RBI in its notification (RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15) dated November 10, 2014 subsequently 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 ₹ 5000 million and above as per the last audited balance sheet. Moreover as per this amendment, all NBFCs-ND with assets of ₹ 5000 million and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND -SI. NBFCs- ND -SI is required to comply with conduct of business regulations if customer interface exists. This amendment also requires that the NBFCs primarily engaged in lending against gold jewelry 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%.

Rating of NBFCs

The RBI has instructed that all NBFCs with an asset size of ₹ 5,000.00 million shall 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

Master Directions-Non-Banking Financial Company Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, (the "**Prudential Norms**"), amongst other requirements prescribe guidelines on ND-NBFCs regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans.

Provisioning Requirements

A NBFC-ND, after taking into account the time lag between an account becoming non performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against standard assets, sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms.

Capital Adequacy Norms

Every systemically important ND-NBFC should maintain, with effect from March 31, 2011, 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 ND-NBFC shall not exceed 100% of the Tier I capital. NBFCs primarily engaged in lending against gold jewelry (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12% by April 01, 2014.

Tier – I Capital means, owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a 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.

Owned Funds means, 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 means 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 and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth per cent of risk weighted assets; **(d)** hybrid debt capital instruments; and **(e)** subordinated debt to the extent the aggregate does not exceed Tier – I capital; and **(f)** perpetual debt instrument issued by a systemically important ND-NBFC, 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 Prudential Norms, 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 ND-NBFC, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important ND-NBFC. Further, the systemically important ND-NBFC 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. Further, the systemically important NBFC-ND-SI may not have credit and investment in the shares of another company exceeding 15% of its owned funds, and in case 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. The above norms shall apply to any NBFC-ND-SI not accessing public funds, either directly or indirectly and not issuing guarantees. Further, NBFC-ND-SI may exceed the concentration of credit / investment norms, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and / or investment.

Asset Classification

The Prudential Norms 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:

(i) Standard assets;

(ii) Sub-standard assets;

(iii) Doubtful assets; and

(iv) 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. The requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D, has vide the RBI notification dated November 10, 2014 been increased to 0.40%, to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016, (ii) 0.35% by March 31, 2017 and 0.40% by March 31, 2018.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The Prudential norms also specifically prohibit NBFCs from lending against its own shares.

KYC Guidelines

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

Corporate Governance Guidelines

The RBI has issued certain corporate governance guidelines under Chapter XI of the NBFC Master Directions for the consideration of all NBFC-ND-SI with an asset size of ₹ 5,000.00 million and above which include the constitution of an Audit Committee, a Nomination Committee and a Risk Management Committee. The guidelines have also issued instructions for the framing of internal guidelines on corporate governance with the approval of the board of directors of the NBFC and also for the rotation of the partners of the chartered accountancy firm conducting its audit every three years.

Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies / entities; (v) further lending to individuals for the purpose of subscribing to an initial public offer. Under the RBI Master Circular on bank finance to NBFCs issued on July 01, 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 the bank's 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.

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 01, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each

NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized 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 requiring to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 ("NBFC Return Directions")

The NBFC Return Directions prescribe the formats and the timeframe within which NBFCs are required to file reports, statements and returns with the RBI. Such filings are required to made in relation to various regulatory compliances, including in relation to deposit taking, compliance with prudential norms, asset liability management, etc.

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, 2010. 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 ` 1,000.00 million, irrespective of whether they are accepting / holding public deposits or not, are required to put in place an ALM system. The ALM system rests on the functioning of ALM information systems within the NBFC, ALM organization including an Asset Liability Committee ("**ALCO**") and ALM support groups, and the ALM process including liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and review its functioning periodically. 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 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.

Anti Money Laundering

The RBI has issued a Master Circular dated July 01, 2013 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 ` 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ` 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ` 1 million. 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.

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 60% for loans granted against the collateral of gold jewelry. NBFCs primarily engaged in lending against gold jewelry (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l 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 jewelry. Further, the circular also provides for certain clarifications as regards standardisation of the value of gold and verification of the ownership of gold.

Guidelines for gold loan NBFCs have been consolidated and made part of updated Master Directions on prudential norms.

Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Fraud Monitoring Directions")

The Fraud Monitoring Directions apply to all NBFC-D and NBFC-ND-SI. The Fraud Monitoring Directions require applicable NBFCs to put in place a reporting system for recording frauds without any delay. Applicable NBFCs are also required to nominate an official of the rank of General Manager or equivalent who will be responsible for submitting all the returns and reporting to the RBI as specified in the Fraud Monitoring Directions. Applicable NBFCs are required to report all cases of frauds of Rs. 100,000 and above to their respective board of directors promptly on their detection. Further, information relating to frauds for the quarters ending March, June and September are required to be placed before the board of directors during the month following the quarter to which it pertains. All the frauds involving an amount of Rs. 10,000,000 and above are required to be monitored and reviewed by the audit committee of the board of directors of applicable NBFCs. Specified NBFCs are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The Fraud Monitoring Directions also specify the reports which are required to be made to the RBI in relation to the fraudulent transactions and guidelines for reporting frauds to the police.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to putting in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("**Risk Management Directions**"). The Risk Management Directions specify that core management functions like internal auditing, strategic and compliance functions, decision-making functions such as compliance with KYC norms for opening deposit accounts shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Appointment of Chief Risk Officer ("CRO")

All NBFCs with asset size of more than Rs. 50 billion are required to appoint a CRO with clearly specified roles and responsibilities. The CRO shall be involved in the process of identification, measurement and mitigation of risks. The CRO is required to function independently so as to ensure highest standards of risk management. All credit products (retail or wholesale) are required to be vetted by the CRO from the angle of inherent and control risks.

The CRO is required to be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/ removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/ removal shall be reported to the Department of Non-Banking Supervision of the regional office of the Bank under whose jurisdiction the NBFC is registered. In case the NBFC is listed, any change in incumbency of the CRO shall also be reported to the stock exchanges.

Reserve Bank Of India notification no. RBI/2016-17/245 DNBR (PD) CC.No.086/03.10.001/2016-17 dtd. March 09, 2017

The Reserve Bank of India has issued above notification titled "Disbursal of loan amount in cash" as below:

"*Reference is invited to instructions contained in para 37(iii)(b) of Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which states that high value loans against gold of ₹1 lakh and above must only be disbursed by cheque.*

2. On review, and in line with the rules issued under Section 269SS and 269T of the Income Tax Act, 1961, the requirements under the Income Tax Act, 1961, as amended from time to time, would be applicable to all NBFCs with immediate effect. Currently, the relevant threshold under the Income Tax Act, 1961 is Rupees Twenty thousand.

3. Accordingly, para 37(iii)(b) of the above Master Directions stands deleted and the above provision stands incorporated at para 104 and 117, respectively, in the Master Directions referred above."

Amended respective paragraph reads as follows:

"104. Disbursal of loan amount in cash

Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time."

"117. Disbursal of loan amount in cash

Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time."

II. 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 in 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.

The regulations governing operation of wind electricity generators in Tamil Nadu are applicable to our Company. Under the policy formulated by the Government of Tamil Nadu, our Company is required to sell all the power generated to the Tamil Nadu Electricity Board, as a fixed price of ` 2.70 per unit of power. Further, a 5% wheeling and transmission charge is applicable, should the Company opt to take the assistance of the Tamil Nadu Electricity Board for wheeling. The policy permits the Company to bank all the power generated by the wind-mills. However, a 5% banking charge is applicable on all power banked by the Company on a bi-monthly basis.

Tamilnadu Electricity Regulatory Commission vide its Comprehensive Tariff order on wind energy on March 31, 2016 increased tariff to Rs.4.16 per unit without Accelerated Depreciation(A.D) benefit. The accelerated depreciation component of the tariff is Rs.0.46 per unit.

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 ingenerating 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.

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases ("**GHG**") that cause climate change. The Kyoto Protocol was entered into force on February 16, 2005. India ratified the Kyoto Protocol on August 22, 2006.The Kyoto Protocol defines legally binding targets and timetables for reducing the GHG emissions of industrialised countries that ratified the Kyoto Protocol. Governments have been separated into developed nations (who have accepted GHG emission reduction obligations) and developing nations (who have no GHG emission reduction obligations). The protocol includes "flexible mechanisms" which allow developed nations to meet their GHG emission limitation by purchasing GHG emission reductions from elsewhere. These can be bought either from financial exchanges, from projects which reduce emissions in developing nations under the CDM, the Joint Implementation scheme or from developed nations with excess allowances. Typical emission certificates are:

- Certified Emission Reduction (CER);
- Emission Reduction Unit (ERU); and
- Voluntary or Verified Emission Reductions (VER).

CERs and ERUs are certificates generated from emission reduction projects, under the CDM for projects implemented in developing countries, and under Joint Implementation ("**JI**") for projects implemented in developed countries, respectively. These mechanisms are introduced within the Kyoto Protocol. For projects which cannot be implemented as CDM or JI, but still fulfil the required standards, VERs can be generated. VERs, however, cannot be used for compliance under the Kyoto Protocol.

III. Foreign Investment Regulations

Foreign Exchange Management Act (FEMA) Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion ("**DIPP**") of the Government.

On November 07, 2017, the RBI issued Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**FEMA Regulations**") to replace the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**Old FEMA 20**") and the Foreign Exchange Management (Investments in Firms or Proprietary concern in India) Regulations, 2000 ("**FEMA 24**"). FEMA Regulations consolidates Old FEMA 20 and FEMA 24. The FEMA Regulations, which have subsequently been amended from time to time, set out the legal and regulatory framework governing foreign investment into India.

Foreign Direct Investment

Foreign direct investment ("**FDI**") in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Master Directions on Foreign Investment in India issued by the RBI from time to time, the latest being January 4, 2018 (and updated till March 8, 2019). FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector concerned. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies. Indian companies receiving investment as consideration for issue of capital instruments are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities.

Under the approval route, prior approval from the relevant administrative ministry/department of the Government of India or RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Further, as per the sector specific guidelines of the Government, 100 per cent. FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guideline of the RBI in this regard.

In addition:

(a) FDI in NBFCs shall be subject to conditionalities, including minimum capitalisation norms, as specified by the RBI or relevant department of the Government of India.

(b) Every NBFC-D must submit quarterly returns (NBS-1, NBS-2 and NBS-3) within a period of fifteen days of the expiry of the quarter to which it pertains in the prescribed form through online system.

Where FDI is allowed on an automatic basis without governmental approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report within 30 days from the date of issue of the shares to the non-resident purchaser.

The 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 ("**WLA**") operations undertaken by non-banking entities subject to following conditions:

(a) 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.

(b) 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.

(c) FDI in the WLA operations 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.

The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India (GOI) released the consolidated foreign direct investment (FDI) policy circular of 2017 (New FDI Policy). The New FDI Policy is effective immediately from the date of its publication, i.e., August 28, 2017. The New FDI Policy continues the policy with regard to FDI in NBFCs.

IV. Labour Regulations

Shops and establishments regulations

The Company is governed by the shops and establishments laws as applicable in the various states where it has branches. These laws regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work, among other things.

Provident fund contributions

The Company is governed by the provisions of the Employees' Provident Funds Act, 1952 and is accordingly required to make periodic contributions to the Employees' Provident Fund Scheme and the Employees' Pension Scheme as applicable. The Company is also required to make contributions under the Employees' State Insurance Act, 1948.

Miscellaneous

The Company is also required to comply with the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936 and the Payment of Gratuity Act, 1972.

V. Intellectual property regulations

Trade Marks Act

The Trade Marks Act, 1999 (the "**Trademark Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registerable under the Trademark Act.

An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at Muthoot Chambers, 2nd Floor, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam, Kerala 682 018 from 10.00 AM to 5.00 P.M during which the Tranche III Issue Period.

A. ***Material Contracts***

1. Engagement Letters dated January 28, 2019 appointing Edelweiss Financial Services Limited and A. K. Capital Services Limited as the Lead Managers respectively.

2. Issue Agreement dated January 28, 2019 between the Company and Edelweiss Financial Services Limited and A.K. Capital Services Limited.

3. Memorandum of Understanding dated January 28, 2019 with the Registrar to the Issue.

4. Debenture Trustee Agreement dated January 28, 2019 executed between the Company and the Debenture Trustee.

5. Public Issue Account Agreement dated September 17, 2019 executed between the Company, the Lead Managers, the Banker to the Issue and the Registrar to the Issue.

6. Lead Brokers' MOU dated September 17, 2019 executed between the Company, the Lead Managers and the Lead Brokers.

7. Tripartite agreement between the Company, Registrar to the Issue and CDSL dated December 08, 2010 and letter of extension dated March 14, 2011.

8. Tripartite agreement between the Company, Registrar to the issue and NSDL dated August 25, 2006.

9. The agreed form of the Debenture Trust Deed to be executed between the Company and the Debenture Trustee.

B. ***Material Documents***

1. Certificate of Incorporation of the Company dated March 14, 1997, issued by Registrar of Companies, Kerala and Lakshadweep.

2. Memorandum and Articles of Association of the Company.

3. The certificate of registration No. N.16.00167 dated December 12, 2008 issued by Reserve Bank of India u/s 45 IA of the Reserve Bank of India, 1934.

4. Credit rating letter dated January 18, 2019 and further revalidated by letters dated April 22, 2019 and September 03, 2019 and rating rationale received from CRISIL granting credit ratings to the Secured NCDs.

5. Credit rating letter dated December 31, 2018 and further revalidated by letters dated April 24, 2019 and August 28, 2019 and rating rationale received from ICRA granting credit ratings to the Secured NCDs.

6. Copy of the NCD Committee Resolution dated January 09, 2019 approving the Issue.

7. Copy of the NCD Committee resolution dated January 28, 2019 approving the Draft Shelf Prospectus.

8. Copy of the NCD Committee Resolution dated February 05, 2019 approving the Shelf Prospectus.

9. Copy of the NCD Committee Resolution dated September 19, 2019 approving the Tranche III Prospectus.

10. Copy of the resolution passed by the Board of Directors dated May 16, 2018 approving the issuance to the public of Secured NCDs and unsecured redeemable non-convertible debentures of face value of ₹ 1,000 each, aggregating up to ₹ 60,000 million.

11. Resolution passed by the shareholders of the Company at the Annual General Meeting held on September 25, 2014, approving the overall borrowing limit of Company.

12. Consents of the Directors, Lead Managers to the Issue, Chief Financial Officer, Company Secretary and Compliance Officer of our Company, Debenture Trustee, Statutory Auditor, Credit Rating Agencies for the Issue, IMaCs for the inclusion of the industry report, Legal Advisor to the Issue, the Registrar to the Issue, the Lead Brokers and the Banker to the Issue to include their names in this Tranche III Prospectus.

13. The consent of the Statutory Auditors of our Company, namely Varma & Varma for inclusion of: (a) their names as the Statutory Auditors, (b) examination reports on Reformatted Financial Statements in the form and context in which they appear in the Shelf Prospectus; (c) Independent auditors reports on Audited Financial Statements (under Ind AS) for the year ended March 31, 2019 included in the Tranche III Prospectus; (d) the statement of tax benefits available to the debenture holders in the form and context in which they appear in this Tranche III Prospectus; (e) report on limited review of unaudited standalone and consolidated financial results for the quarter ended June 30, 2019; (f) Independent Auditor's Certificates on 'Statement of Accounting Ratios' – Standalone and Consolidated; (g) Independent Auditor's Certificate on 'Statement of Dividend in respect of Equity Shares; and (h) Independent Auditor's Certificate on Disclosure pursuant to Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

14. The examination report of the Statutory Auditors dated November 10, 2018 and the Reformatted Financial Statements.

15. Independent auditors reports on Audited Financial Statements (under Ind AS) for the year ended March 31, 2019 dated May 13, 2019 and Audited Financial Statements (under Ind AS).

16. Independent auditor's certificate on 'Statement of Accounting Ratios' – Standalone and Consolidated dated September 17, 2019.

17. Independent auditor's certificate on 'Statement of Dividend in respect of Equity Shares dated September 17, 2019.

18. Independent auditor's certificate on Disclosure pursuant to Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated September 17, 2019.

19. Limited review report dated August 12, 2019 and the unaudited standalone and consolidated financial results for the quarter ended June 30, 2019.

20. In-principle approval, dated February 05, 2019 for the Issue issued by the BSE.

21. Statement of tax benefits dated September 04, 2019 issued by our Statutory Auditors.

22. Annual Reports of the Company for the last five Financial Years 2014-15 to 2018-19.

23. Due Diligence certificate dated September 19, 2019 filed by the Lead Managers with SEBI.

DECLARATION

We, the Directors of the Company, certify that all the relevant provisions of the Companies Act, 2013, as applicable on the date of this Tranche III Prospectus and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with. We further certify that the disclosures made in this Tranche III Prospectus are true and correct and in conformity with the Companies Act, 2013, Schedule I of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and no statement made in this Tranche III Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules, guidelines and circulars issued thereunder.

SIGNED BY ALL DIRECTORS:

M. G. George Muthoot
Whole Time Director and Chairman :

George Thomas Muthoot
Whole Time Director :

George Jacob Muthoot
Whole Time Director :

George Alexander Muthoot
Managing Director :

Alexander M. George
Whole Time Director :

Jacob Benjamin Koshy
Independent Director :

John K Paul
Independent Director :

George Joseph
Independent Director :

Pamela Anna Mathew
Independent Director :

Jose Mathew
Independent Director :

Date: 19.09.2019

Place: Kochi, India

ICRA

ICRA Limited

Ref.No.ICRA/HYD/MFL-196/2018-19/3112 **December 31, 2018**

Mr. Oommen K. Mammen
Chief Financial Officer
Muthoot Finance Limited
Muthoot Chambers
Opp. Saritha Theatre Complex
Banerji Road, Ernakulam
Kerala – 682 018

Dear Sir,

Re: ICRA Credit Rating for the Rs. 4,000 crore Non-Convertible Debenture (NCD) Programme of Muthoot Finance Limited

Please refer to the Rating Agreement dated December 19, 2018 for carrying out the rating of the aforesaid **NCD** Programme. The Rating Committee of ICRA, after due consideration, has assigned a **[ICRA]AA (pronounced as ICRA Double A)** rating to the captioned NCD Programme. Instruments with [ICRA]AA rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Within this category modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols. The modifiers reflect the comparative standing within the category. The Outlook on the long-term rating is **Stable.**

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **"[ICRA]AA"** with a **Stable** outlook. We would request if you can sign the acknowledgement and send it to us latest by January 8, 2019 as acceptance on the assigned rating. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on ***'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)'*** **issued** by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly *'No Default Statement (NDS)'* (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of January 8, 2019.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

(K Ravichandiran)
Senior Vice President & Group Head-Corporate Ratings
ravichandiran@icraindia.com

(Meenakshi D)
Analyst
meenakshi.d@icraindia.com

ICRA
ICRA Limited

Confidential

Ref: ICRA/HYD/MFL/RVL-8/2019-20/2808 August 28, 2019

Mr. Oommen K. Mammen
Chief Financial Officer
Muthoot Finance Limited
Muthoot Chambers
Opp. Saritha Theatre Complex
Banerji Road, Ernakulam, Kerala – 682 018

Dear Sir,

Re: ICRA rating for Rs.4,000.00 crore Non-Convertible Debenture Programme of Muthoot Finance Limited

This is with reference to your email dated August 27, 2019, for re-validating your rating for the Non Convertible Debenture Programme of Rs. 4,000.00 crore.

We confirm that the "[ICRA] AA" (pronounced ICRA double A) rating with a Stable outlook, assigned to the captioned Non-Convertible Debenture Programme of your company and last communicated to you vide our letter dated July 22, 2019 stands. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The outlook on the rating is Stable. Within this category rating modifier {"+" (plus) or "-" (minus)} can be used with the rating symbols. The modifier reflects the comparative standing within the category. The amount unutilised against this is Rs. 2,438.84 crore.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: ICRA/HYD/MFL-196/2018-19/3112 dated December 31, 2018. Also, the rating assumes that there will be no payment acceleration clause under the aforementioned Non Convertible Debenture Programme.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification. We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

ICRA LIMITED
40676500
HYDERABAD

Nithya

[Rajeshwar Burla]
Vice President
rajeshwar.burla@icraindia.com

[Nithya Debbadi]
Senior Analyt
nithya.debbadi@icraindia.com

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CIN : L74999DL1991PLC042749
Website : www.icra.in
Email : info@icraindia.com
Helpdesk : +91.124.3341580
Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

Muthoot Finance Limited

January 07, 2019

Summary of rating action

Instrument^^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture Programme (public placement) - allocated	-	4,000.0	[ICRA]AA(Stable); Assigned
Non-convertible Debenture Programme (private placement) - unallocated	1,525.00	1,475.00	[ICRA]AA(Stable); Outstanding
Non-convertible Debenture Programme (private placement) - allocated	475.00	525.00	[ICRA]AA(Stable); Outstanding
Non-convertible Debenture Programme (public placement) - allocated	6,523.72	6,523.72	[ICRA]AA(Stable); Outstanding
Non-convertible Debenture Programme (public placement) - allocated	3.92	0.00	[ICRA]AA(Stable); Withdrawn*
Long-term Fund-based Bank Facilities	9,962.00#	9,962.00#	[ICRA]AA(Stable); Outstanding
Short-term Fund-based Bank Facilities	13,153.00#	13,153.00#	[ICRA]A1+; Outstanding
Term Loans	200.00	200.00	[ICRA]AA(Stable); Outstanding
Subordinated Debenture Programme	551.36	551.36	[ICRA]AA(Stable); Outstanding
Commercial Paper Programme	5,000.00	5,000.00	[ICRA]A1+; Outstanding
Total**	**28,194.00**	**32,190.08**	

^^ Instrument details are provided in Annexure-1

 # Long-term and short-term fund-based bank limits include an interchangeable limit of Rs. 9,200.00 crore; the total rated bank facilities stand at Rs. 14,115.00 crore (including Rs. 200.0-crore term loans)

**ICRA has withdrawn the long-term rating of [ICRA]AA for MFL's non-convertible debenture (NCD) programme aggregating Rs. 3.92 crore as these debentures were fully redeemed and there is no outstanding against the rated instruments*

*** For the computation of total limits rated, total rated bank facilities (term loans, long-term and short-term bank limits) of Rs. 14,115 crore have been considered*

Rationale

The ratings factor in Muthoot Finance Limited's (MFL) long-standing track record and its leadership position in the gold loan segment, its established franchise with a pan-India branch network, and its efficient internal controls and audit systems. The ratings also consider the company's comfortable capitalisation, ability to raise funds from diverse sources and good profitability indicators. ICRA takes note of the Group's portfolio diversification initiatives via its subsidiaries. Ability to grow the non-gold loan portfolio profitably would be critical over the medium term as the share of the non-gold business is expected to increase to 20% by March 2020 from 11% in September 2018.

The ratings are, however, constrained by the portfolio concentration in the gold loan business, MFL's geographically concentrated operations, and the vulnerability of its operations to adverse gold price fluctuations. The ratings also factor in the company's marginal borrower profile and limited earnings diversity. ICRA takes note of the improvement in MFL's delinquency levels in H1 FY2019 and believes it is critical to ensure collections from the overdue portfolio in the near term to keep the asset quality indicators under control.

Outlook: Stable

ICRA believes that MFL will continue to benefit from its established track record and comfortable overall financial risk profile. The outlook may be revised to Positive if the company demonstrates good quality and profitable growth in its non-gold business and controls the asset quality of the gold loan portfolio, while maintaining a comfortable overall capital and liquidity profile. The outlook may be revised to Negative in case of a significant deterioration in the Group's asset quality, profitability and capitalisation profile.

Key rating drivers

Credit strengths

Established franchise and market leadership in gold loan segment – MFL has a track record of around two decades in the gold loan business and is India's largest gold loan focussed NBFC with a total portfolio of Rs. 32,319 crore (of which 99% is gold loan) as on September 30, 2018 (Rs. 29,138 crore as on March 31, 2018). The consolidated portfolio stood at Rs. 35,956 crore in September 2018, of which gold, housing and microfinance accounted for 89%, 5% and 4%, respectively. The company operates through an extensive pan-India branch network of 4,370 as on September 30, 2018 with 62% of its branches being in South India, where it has a good franchise. The strong brand value of Muthoot, its experienced promoters and senior management team and its efficient internal controls and audit systems are expected to support its overall business growth going forward.

Healthy profitability indicators – The company's consolidated net profitability remained healthy with PAT/AMA at 5.4% (4.1% in FY2017) and return on average net worth at about 24.9% for FY2018. PAT/AMA (standalone) stood at 5.9% in H1 FY2019 (provisional), supported by healthy margins and operating efficiencies. Credit costs remained under control as the company fully recovered its principal and over 73% of the total interest receivable during the auctions in FY2018.

Capitalisation to remain comfortable over the medium term notwithstanding the investments required for its subsidiaries – MFL has a comfortable capitalisation profile with a standalone gearing of about 2.9 times as on March 31, 2018 (consolidated gearing of about 3.2 times) aided by good internal capital generation, while portfolio growth was relatively moderate. MFL's standalone net worth was Rs. 8,390 crore (as per Ind AS) as on September 30, 2018. It is expected to be comfortably placed to meet the medium-term capital requirements of its subsidiaries without adversely impacting its own capital structure.

Credit challenges

Vulnerability to adverse gold price movement – Notwithstanding its efforts to reduce the impact of gold price fluctuations, MFL's credit profile remains susceptible to adverse and sharp movements in gold prices. Any steep decline in gold prices is expected to adversely impact the company's asset quality and business profile.

Concentration on gold loan segment, limited product and revenue diversification – MFL's standalone portfolio almost entirely consists of gold loans and its consolidated portfolio is also concentrated with gold loans comprising 89% of the loan book as on September 30, 2018. The company's revenue diversification is also modest with non-interest income/average total assets at 0.6% in FY2018. Consolidated assets under management (AUM) stood at Rs. 32,159 crore (Rs. 35,956 crore as on September 30, 2018), registering a 12% growth (y-o-y) in FY2018. The share of subsidiaries was about 10% of the total AUM (March 2018), up from about 5% in March 2017. The overall portfolio growth in FY2018 was supported by the strong growth witnessed in the housing and microfinance subsidiaries, while the gold loan portfolio grew a modest 6%. Microfinance AUM almost doubled in FY2018 while housing AUM more than tripled during this period. The consolidated portfolio grew by 12% in H1 FY2019. Going forward, the share of subsidiaries is expected to increase to about 20% by March 2020 as they are expected to grow at a robust pace while gold loan growth is expected to remain relatively moderate. The company's ability to profitably grow its non-gold business while maintaining good asset quality would be crucial.

Critical to control credit costs in gold loan segment – MFL's standalone asset quality improved in H1 FY2019. The stage 3 (as per Ind AS) reduced to 1.9% as on September 30, 2018 from 4.4% as on March 31, 2018 as loan collections improved. MFL's standalone NPA (as per I GAAP) declined to 4.56% in June 2018 from 6.98% in March 2018 (2.06% in March 2017); it reduced further in Q2 FY2019.

The increase in NPAs in FY2018 was because of the inclusion of other standard accounts of a non-performing borrower for NPA computation and transition in the NPA recognition norm to 90+dpd from 120+dpd. Auctioning, as a percentage of the opening portfolio, had reduced to 3.7% in FY2017 from 14.2% in FY2016. However, the same increased to 7.2% in FY2018 with a build-up in overdues. ICRA takes note of the additional standard asset provision and a gold price fluctuation provision totalling about Rs. 463 crore (1.5% of the gold loan portfolio) as on March 31, 2018, which, along with the liquid nature of the collateral, provide comfort. Going forward, timely collection, auctioning and a stable gold price would be critical for keeping delinquencies and credit costs under control. Gross NPAs in the housing and microfinance subsidiaries were, however, under control at 0.4% and 0.8%, respectively, as on March 31, 2018 (0.8% and 0.9%, respectively, as on September 30, 2018).

Operations concentrated in South India – MFL's operations are largely concentrated in South India, which constituted 62% of its total branch network and 50% of its total loan portfolio as on March 31, 2018. ICRA, however, notes that the share of the portfolio in South India has reduced from 69% in March 2012.

Liquidity position

MFL's asset liability maturity (ALM) profile, based on the past behavioural trend for the gold loan segment, reflects no cumulative negative mismatches in the <1-year bucket. Although the contractual tenor of gold loans is 12 months, most (~65-70%) of the loans are repaid or rolled over within 5-6 months. ICRA notes that company is faced with 15-20% loan rollovers in each of the maturity buckets, wherein only the interest is serviced, and the loan gets renewed based on the prevailing loan to value. ICRA notes that the ALM, adjusting for the rollovers, is also comfortable with no cumulative negative mismatch in the <1-year bucket.

MFL has a fairly-diversified funding profile with bank loans constituting 49% of its total borrowings as on September 30, 2018, followed by debentures - public issue (31%), debentures - private placement (3%), commercial papers (12%) and subordinated debt (3%). MFL has banking relationships with 27 banks. Diverse funding sources help the company in maintaining a comfortable liquidity position. MFL had unutilised bank limits of Rs. 1,011 crore and cash and liquidity investments of Rs. 2,293 crore as on November 30, 2018.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies
Parent/Group Support	NA
Consolidation	For arriving at the ratings, ICRA has considered the consolidated financials of MFL. As on March 31, 2018, the company had four subsidiaries, that are listed in Annexure-2

About the company

Muthoot Finance Limited (MFL) is the flagship company of the Kerala-based business house, The Muthoot Group, which has diversified operations in financial services, healthcare, real estate, education, hospitality, power generation and entertainment. MFL was incorporated in 1997 and is India's largest gold loan focussed NBFC with total loan assets (standalone) of Rs. 29,134 crore and 4,325 branches as on March 31, 2018. While the company derives a major portion of its business from South India (50% of the total portfolio as on March 31, 2018), where gold loans have traditionally been accepted as a means of availing short-term credit, it has increased its presence beyond South India over the past few years.

MFL achieved a standalone net profit of Rs. 1,720 crore on an asset base of Rs. 31,382 crore in FY2018 against a net profit of Rs. 1,180 crore on an asset base of Rs. 30,713 crore in FY2017.

MFL reported a consolidated net profit of Rs. 1,799 crore on a consolidated asset base of Rs. 34,257 crore in FY2018 against a net profit of Rs. 1,207 crore on a consolidated asset base of Rs. 32,163 crore in FY2017.

Key financial indicators (audited)

	Standalone		Consolidated	
	FY2017	**FY2018**	**FY2017**	**FY2018**
Total Income	5,747	6,243	5,939	6,705
Profit after Tax*	1,180	1,720	1,200	1,784
Net Worth	6,516	7,760	6,517	7,794
Total Managed Portfolio	27,279	29,138	28,661	32,159
Total Managed Assets	30,713	31,382	32,163	34,257
Return on Average Managed Assets	4.1%	5.5%	4.1%	5.4%
Return on Average Net Worth	19.4%	24.1%	19.9%	24.9%
Gross NPA %	2.1%	7.0%	-	-
Net NPA %	1.7%	6.2%	-	-
Net NPA / Net Worth	7.1%	23.1%	-	-
Gearing (reported)	3.5	2.9	3.7	3.2
% CRAR	24.9%	26.6%	-	-

*Note: Amount in Rs. crore; *After minority interest*
Source: MFL's financial statements, ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Type	Current Rating (FY2019) Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	January 2019	December 2018	Chronology of Rating History for the Past 3 Years FY2018 October 2017	FY2017 August 2016	FY2016 February 2016
1	Long-term Debentures-Public Issue	Long Term	4,000.00	4,000.00	[ICRA]AA (Stable)	-	-	-	-
2	Long-term Debentures-Private Placement	Long Term	2,000.00	2,000.00	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)
3	Long-term Debentures-Public Issue	Long Term	6,523.72	6,523.72	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)
4	Long term Debentures-Public Issue	Long Term	3.92	0.00	[ICRA]AA (Stable) Withdrawn	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)
5	Subordinated Debt	Long term	551.36	551.36	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)
6	Term Loans	Long Term	200.00	200.00	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)
7	Fund-based Bank Limits^	Long Term	9,962.00	9,962.00	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)
8	Fund-based Bank Limits^	Short Term	13,153.00	13,153.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
9	Commercial Paper	Short Term	5,000.00	5,000.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

^ Long-term and short-term fund-based bank limits include an interchangeable limit of Rs. 9,200.00 crore; the total rated bank facilities are Rs. 14,115.00 crore (including Rs. 200.00-crore term loans)

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE414G07472	Non-convertible Debentures	4-Feb-14	10.75 & 11.50	4-Feb-19	1.03	[ICRA]AA(Stable)
INE414G07506	Non-convertible Debentures	4-Feb-14	11.25 & 12.00	4-Feb-19	1.63	[ICRA]AA(Stable)
INE414G07548	Non-convertible Debentures	4-Feb-14	Zero Coupon	4-Feb-19	1.13	[ICRA]AA(Stable)
INE414G07571	Non-convertible Debentures	2-Apr-14	10.25 & 11.00	2-Apr-19	0.69	[ICRA]AA(Stable)
INE414G07605	Non-convertible Debentures	2-Apr-14	10.75 & 11.50	2-Apr-19	0.35	[ICRA]AA(Stable)
INE414G07647	Non-convertible Debentures	2-Apr-14	Zero Coupon	2-Apr-19	0.27	[ICRA]AA(Stable)
INE414G07670	Non-convertible Debentures	4-Jul-14	10.25 & 11.00	4-Jul-19	2.88	[ICRA]AA(Stable)
INE414G07704	Non-convertible Debentures	4-Jul-14	10.75 & 11.50	4-Jul-19	3.22	[ICRA]AA(Stable)
INE414G07746	Non-convertible Debentures	4-Jul-14	Zero Coupon	4-Jul-19	1.86	[ICRA]AA(Stable)
INE414G07779	Non-convertible Debentures	26-Sep-14	10.25 & 11.00	26-Sep-19	3.00	[ICRA]AA(Stable)
INE414G07803	Non-convertible Debentures	26-Sep-14	10.50 & 11.25	26-Sep-19	1.72	[ICRA]AA(Stable)
INE414G07845	Non-convertible Debentures	26-Sep-14	Zero Coupon	26-Sep-19	1.56	[ICRA]AA(Stable)
INE414G07878	Non-convertible Debentures	29-Dec-14	10.00& 10.75	29-Dec-19	2.69	[ICRA]AA(Stable)
INE414G07902	Non-convertible Debentures	29-Dec-14	10.25 & 11.00	29-Dec-19	2.13	[ICRA]AA(Stable)
INE414G07944	Non-convertible Debentures	29-Dec-14	Zero Coupon	29-Dec-19	2.23	[ICRA]AA(Stable)
INE414G07977	Non-convertible Debentures	23-Apr-15	9.50 & 10.25	23-Apr-20	2.35	[ICRA]AA(Stable)
INE414G07AA9	Non-convertible Debentures	23-Apr-15	9.75 & 10.50	23-Apr-20	2.38	[ICRA]AA(Stable)
INE414G07AE1	Non-convertible Debentures	23-Apr-15	Zero Coupon	23-Apr-20	1.27	[ICRA]AA(Stable)
INE414G07AH4	Non-convertible Debentures	14-Oct-15	8.75 & 9.50	14-Oct-20	1.15	[ICRA]AA(Stable)
INE414G07AK8	Non-convertible Debentures	14-Oct-15	9.00 & 9.75	14-Oct-20	0.98	[ICRA]AA(Stable)
INE414G07AO0	Non-convertible Debentures	14-Oct-15	Zero Coupon	14-Oct-20	1.07	[ICRA]AA(Stable)
INE414G07BB5	Non-convertible Debentures	12-May-16	9.50 & 8.75	12-May-19	141.85	[ICRA]AA(Stable)
INE414G07BC3	Non-convertible Debentures	12-May-16	9.00 & 8.25	12-May-21	1.75	[ICRA]AA(Stable)
INE414G07BE9	Non-convertible Debentures	12-May-16	9.75 & 9.00	12-May-19	99.98	[ICRA]AA(Stable)
INE414G07BF6	Non-convertible Debentures	12-May-16	9.25 & 8.50	12-May-21	1.26	[ICRA]AA(Stable)
INE414G07BJ8	Non-convertible Debentures	12-May-16	Zero Coupon	12-May-19	60.41	[ICRA]AA(Stable)
INE414G07BO8	Non-convertible Debentures	30-Jan-17	8.75 & 8.50	30-Jan-19	5.21	[ICRA]AA(Stable)
INE414G07BP5	Non-convertible Debentures	30-Jan-17	9.00 & 8.75	30-Jan-20	26.43	[ICRA]AA(Stable)
INE414G07BQ3	Non-convertible Debentures	30-Jan-17	9.00 & 8.75	30-Jan-22	11.13	[ICRA]AA(Stable)
INE414G07BR1	Non-convertible Debentures	30-Jan-17	9.00 & 8.75	30-Jan-19	282.20	[ICRA]AA(Stable)
INE414G07BS9	Non-convertible Debentures	30-Jan-17	9.25 & 9.00	30-Jan-20	839.27	[ICRA]AA(Stable)
INE414G07BT7	Non-convertible Debentures	30-Jan-17	9.25 & 9.00	30-Jan-22	82.50	[ICRA]AA(Stable)
INE414G07BW1	Non-convertible Debentures	30-Jan-17	Zero Coupon	30-Jan-19	5.03	[ICRA]AA(Stable)
INE414G07BX9	Non-convertible Debentures	30-Jan-17	Zero Coupon	30-Jan-20	17.20	[ICRA]AA(Stable)
INE414G07BY7	Non-convertible Debentures	24-Apr-17	8.25	24-Apr-19	45.28	[ICRA]AA(Stable)
INE414G07BZ4	Non-convertible Debentures	24-Apr-17	8.5	24-Jun-20	68.68	[ICRA]AA(Stable)
INE414G07CA5	Non-convertible Debentures	24-Apr-17	8.75	24-Apr-22	61.18	[ICRA]AA(Stable)
INE414G07CB3	Non-convertible Debentures	24-Apr-17	8.5	24-Apr-19	74.25	[ICRA]AA(Stable)
INE414G07CC1	Non-convertible Debentures	24-Apr-17	8.75	24-Jun-20	1420.43	[ICRA]AA(Stable)
INE414G07CD9	Non-convertible Debentures	24-Apr-17	9	24-Apr-22	190.56	[ICRA]AA(Stable)
INE414G07CG2	Non-convertible Debentures	24-Apr-17	Zero Coupon	24-Apr-19	15.50	[ICRA]AA(Stable)
INE414G07CH0	Non-convertible Debentures	24-Apr-17	Zero Coupon	24-Jun-20	38.03	[ICRA]AA(Stable)
INE414G07CI8	Non-convertible Debentures	19-Apr-18	8.25	19-Apr-20	11.98	[ICRA]AA(Stable)
INE414G07CJ6	Non-convertible Debentures	19-Apr-18	8.5	19-Jun-21	27.11	[ICRA]AA(Stable)
INE414G07CK4	Non-convertible Debentures	19-Apr-18	8.75	19-Apr-23	56.51	[ICRA]AA(Stable)
INE414G07CL2	Non-convertible Debentures	19-Apr-18	8.5	19-Apr-20	71.61	[ICRA]AA(Stable)
INE414G07CM0	Non-convertible Debentures	19-Apr-18	8.75	19-Jun-21	1862.45	[ICRA]AA(Stable)

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE414G07CN8	Non-convertible Debentures	19-Apr-18	9	19-Apr-23	721.85	[ICRA]AA(Stable)
INE414G07CO6	Non-convertible Debentures	19-Apr-18	Zero Coupon	24-May-19	14.41	[ICRA]AA(Stable)
INE414G07CP3	Non-convertible Debentures	19-Apr-18	Zero Coupon	19-Apr-20	8.80	[ICRA]AA(Stable)
INE414G07CQ1	Non-convertible Debentures	19-Apr-18	Zero Coupon	19-Jun-21	19.73	[ICRA]AA(Stable)
INE414G07CR9	Non-convertible Debentures	19-Apr-18	Zero Coupon	19-Apr-23	205.55	[ICRA]AA(Stable)
INE414G07CS7	Non-convertible Debentures (private)	26-Jul-18	9.75	26-Jul-21	175.00	[ICRA]AA(Stable)
INE414G07CT5	Non-convertible Debentures (private)	13-Aug-18	9.6	22-Jun-20	250.00	[ICRA]AA(Stable)
INE414G07CU3	Non-convertible Debentures (private)	22-Nov-18	9.25	1-Feb-21	7.00	[ICRA]AA(Stable)
INE414G07CV1	Non-convertible Debentures (private)	22-Nov-18	9.5	1-Feb-21	8.00	[ICRA]AA(Stable)
INE414G07CW9	Non-convertible Debentures (private)	22-Nov-18	9.5	1-Feb-22	45.00	[ICRA]AA(Stable)
INE414G07CX7	Non-convertible Debentures (private)	22-Nov-18	9.75	1-Feb-22	40.00	[ICRA]AA(Stable)
NA	Non-convertible Debentures (private)##	-	-	-	1475.00	[ICRA]AA(Stable)
NA	Non-convertible Debentures (public)##	-	-	-	4000.00	[ICRA]AA(Stable)
Total Non-Convertible Debentures					**12,523.72**	
Subordinated Debt						
INE414G09015	Subordinated Debt	26-Mar-13	12.35	26-Mar-23	10.00	[ICRA]AA(Stable)
INE414G08215	Subordinated Debt	25-Sep-13	Zero Coupon	25-Sep-19	20.97	[ICRA]AA(Stable)
INE414G08223	Subordinated Debt	4-Dec-13	Zero Coupon	4-Dec-19	23.29	[ICRA]AA(Stable)
INE414G08231	Subordinated Debt	4-Feb-14	Zero Coupon	4-Feb-20	43.76	[ICRA]AA(Stable)
INE414G08249	Subordinated Debt	2-Apr-14	Zero Coupon	2-Jul-20	19.35	[ICRA]AA(Stable)
INE414G08256	Subordinated Debt	4-Jul-14	Zero Coupon	4-Oct-20	36.45	[ICRA]AA(Stable)
INE414G08264	Subordinated Debt	26-Sep-14	Zero Coupon	26-Mar-21	30.44	[ICRA]AA(Stable)
INE414G08272	Subordinated Debt	29-Dec-14	Zero Coupon	29-Jun-21	38.65	[ICRA]AA(Stable)
INE414G08280	Subordinated Debt	23-Apr-15	Zero Coupon	23-Jan-22	28.91	[ICRA]AA(Stable)
INE414G08298	Subordinated Debt	14-Oct-15	Zero Coupon	14-Oct-22	35.95	[ICRA]AA(Stable)
INE414G08314	Subordinated Debt	12-May-16	Zero Coupon	12-Nov-23	23.60	[ICRA]AA(Stable)
INE414G08330	Subordinated Debt	30-Jan-17	Zero Coupon	30-Jan-25	31.78	[ICRA]AA(Stable)
INE414G08348	Subordinated Debt	24-Apr-17	Zero Coupon	24-Apr-25	18.72	[ICRA]AA(Stable)
Unallocated	Subordinated Debt##	-	-	-	68.22	[ICRA]AA(Stable)
Unallocated	Subordinated Debt##	-	-	-	31.28	[ICRA]AA(Stable)
Unallocated	Subordinated Debt##	-	-	-	90.00	[ICRA]AA(Stable)
Total Subordinated Debt					**551.36**	
NA	Term Loans	Mar-17	-	Mar-19	200.00	[ICRA]AA(Stable)
NA	Long-term fund-based bank facilities	-	-	-	9,962.00^	[ICRA]AA(Stable)
NA	Short-term fund-based bank facilities	-	-	-	13,153.00 ^	[ICRA]A1+
Total Bank Facilities					**14,115.00**	

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper Programme	-	-	-	**5,000.00**	[ICRA]A1+

Source: MFL

Yet to be placed

^ Long-term and short-term fund-based bank limits include an interchangeable limit of Rs. 9,200.00 crore; the total rated bank facilities are Rs. 14,115.00 crore (including Rs. 200.00-crore term loans)

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership (as on September 2018)	Consolidation Approach
Belstar Investment and Finance Limited	65.89%	Full Consolidation
Muthoot HomeFin Limited	100.00%	Full Consolidation
Asia Asset Finance PLC	60.00%	Full Consolidation
Muthoot Insurance and Brokers	100.00%	Full Consolidation

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 2556 0194/ 6606 9999

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MTOFL/215293/NCD/01182019
January 18, 2019

Mr. George Alexander Muthoot
Managing Director
Muthoot Finance Limited
Corporate Office: Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi 682018

Dear Mr. George Alexander Muthoot,

Re: CRISIL Rating on the Rs.4000 Crore Non-Convertible Debentures of Muthoot Finance Limited

We refer to your request for a rating for the captioned Non-Convertible Debentures.

CRISIL has, after due consideration, assigned its **"CRISIL AA/Stable"** (pronounced as CRISIL double A rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

For the purpose of issuance of the captioned debt instrument, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Ajit Velonie
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

CRISIL

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

Details of the Rs.4000 Crore Non-Convertible Debentures of Muthoot Finance Limited

	1st tranche		*2nd tranche*		*3rd tranche*	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

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MTOFL/215293/NCD/01182019/4
September 03, 2019

Mr. George Alexander Muthoot
Managing Director
Muthoot Finance Limited
Corporate Office: Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi 682018

Dear Mr. George Alexander Muthoot,

Re: CRISIL Rating on the Rs.4000 Crore Non-Convertible Debentures of Muthoot Finance Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.
Please refer to our rating letters dated July 17, 2019 bearing Ref. no.: MTOFL/215293/NCD/01182019/3

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non-Convertible Debentures	4000	CRISIL AA/Stable

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Ajit Velonie
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

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

Rating Rationale

January 18, 2019 | Mumbai

Muthoot Finance Limited

'CRISIL AA/Stable' assigned to NCD

Rating Action

Rs.4000 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Assigned)**
Rs.1500 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.3000 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.1950 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.1300 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.365.27 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.3.78 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.3.92 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.5.18 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.92.62 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.500 Crore Non-Convertible Debentures	**CRISIL AA/Stable (Reaffirmed)**
Rs.43.7571 Crore Subordinate Bond	**CRISIL AA/Stable (Reaffirmed)**
Rs.23.2879 Crore Subordinate Bond	**CRISIL AA/Stable (Reaffirmed)**
Rs.20.93 Crore Subordinate Bond	**CRISIL AA/Stable (Reaffirmed)**
Rs.100 Crore Subordinate Bond	**CRISIL AA/Stable (Reaffirmed)**
Rs.50 Crore Subordinated Debt	**CRISIL AA/Stable (Reaffirmed)**
Rs.31.78 Crore Subordinated Debt	**CRISIL AA/Stable (Reaffirmed)**
Rs.23.0392 Crore Subordinated Debt	**CRISIL AA/Stable (Reaffirmed)**
Rs.5000 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has assigned its '**CRISIL AA/Stable'** on the non-convertible debentures of Muthoot Finance Limited (Muthoot Finance). The rating on other debt instruments and long-term bank facility has been reaffirmed at 'CRISIL AA/Stable/CRISIL A1+'.

The rating continue to reflect Muthoot Finance's promoter's strong track record of over seven decades in the business, with a strong reputation and brand in South India, particularly in Kerala and Tamil Nadu. Capitalization is adequate, with a networth of Rs 8790 crore and adjusted gearing of 2.8 times, as on September 30, 2018. Muthoot Finance's profitability continues to remain above average with return of assets (ROA) higher than 4.0% over the medium term. These strengths are partially offset by Muthoot Finance's high geographic concentration in revenue in South India, which currently accounts for about 50% of its total loans and challenges associated with the non-gold product segments.

Asset quality of Muthoot Finance (standalone basis), as measured by gross NPAs (GNPA), has seen an improvement during first half of fiscal 2019. The gross NPAs (Stage III assets as per Ind-AS) has reduced to 1.9% as on September 30, 2018 from 4.4% as on March 31, 2018. The improvement was due to recoveries/auctions done by the company during this quarter.
The NPA position of Muthoot Finance during last 2 quarters of fiscal 2018 saw deterioration. The increase in NPAs was on account of three reasons. Firstly, the change in NPA recognition norms from 120+ dpd to 90+ dpd. Secondly, the company chose to strategically plan the auction process and provide additional time to borrowers to repay the loans, particularly for loans with a tenure of 6 months as against conventional loan tenure of 12 months. Thirdly, during Q4 of fiscal 2018, to comply with RBI regulations, Muthoot Finance changed NPA recognition from loan account-wise to customer-wise. Muthoot Finance had total gross NPA of Rs 2033 crore as on March 31, 2018 out of which the NPAs of Rs 742 crore were due to change in recognition of NPAs from loan account wise to customer wise.

CRISIL believes that the NPA position of Muthoot Finance will stabilize over next 2 quarters as the 6 month tenure portfolio runs down and the company also increases the pace of auctions in forthcoming months. This is also reflected in the steps taken by the company to reduce NPA levels during first half of fiscal 2019.

Analytical Approach

To arrive at the rating CRISIL has consolidated the business and financial risk profile of Muthoot Finance and its subsidiaries viz Muthoot Homefin India Ltd (rated, 'CRISIL AA/Stable') and Belstar Investment and Finance Private Limited.

Key Rating Drivers & Detailed Description

Strengths

*** Established track record in financing against gold jewellery**

Muthoot Finance's leadership position in the business of providing finance against gold jewellery is backed by the promoter family's established track record, extending to over seven decades. The company had market share of around 46% as on March 31, 2018 within NBFC space and this is expected to continue over the medium term. The rich experience gained over this period has helped Muthoot Finance design an appropriate assessment and underwriting methodology; the company constantly refines this methodology. Assessing the purity of gold without causing any damage to the jewellery, fixing an appropriate value that can be lent against a gram of gold, and determining appropriate LTV ratios are critical aspects in the assessment process. Backed by extensive business experience, Muthoot Finance has developed a robust model that has helped it maintain strong asset quality, scale up business significantly, and facilitate easy replication over various geographic areas. With its large branch network (4370 branches as on September 30, 2018) and client base and steady geographic diversification, particularly in relatively untapped northern and western regions (accounting for 23% and 19%, respectively, of total advances, as onSeptember 30, 2018), gives the first-mover advantage to Muthoot Finance, leading to improved competitive position over the medium term.

*** Adequate capitalization**

Capitalization is adequate, with consolidated networth of Rs 8790 crore and gearing of 2.8 times as on September 30, 2018. Large accretion to networth and moderation in growth in the past three years resulted in a healthy capital adequacy ratio of 25.92% as on September 30, 2018. Lower asset-side risk (security of gold, which is liquid and is in the lender's possession) also supports capitalization. The AUM in the gold loan segment is not expected to grow sharply over the medium term. Also, other segments (affordable housing finance, and microfinance finance) have a relatively small scale. Even after factoring in investments in the subsidiaries housing finance company, Muthoot Homefin (India) Ltd, and Belstar Investment and Finance Private Ltd, a microfinance company, CRISIL believes that consolidated gearing will remain below 5.5 times over the medium term.

*** Profitability to remain healthy**
Profitability has improved with return on assets (RoA) at 5.5% for fiscal 2018 from 4.1% in fiscal 2017 mainly on account of recovery efforts and partly due to favorable movement in gold prices. During first half of fiscal 2019, the RoA stood at 5.9% as against 5.1% during corresponding period of previous year. Though Muthoot Finance charges relatively low interest rates than its peers its operating efficiency enables the company to maintain healthy profitability. With increased focus on collection on interest on regular basis along with revision in its interest rates on different schemes has resulted in higher yields and higher profitability during fiscal 2018. On account of healthy asset quality the credit cost is expected to remain at around 1% over the medium term. In addition, the company is diversifying into other asset segments where its ability to maintain asset quality will remain a key rating monitorable.

Weakness
*** Geographical concentration in revenue profile**
Muthoot Finance has high geographic concentration in South India, which currently accounts for about 50% of its total loans. While the level of concentration has been declining and is much lower than that of peers, the significant regional exposure exposes the company vulnerable to economic, social, and political situation in the region. Furthermore, implementation of the Kerala Money Lenders Act, 1958, for NBFCs (which depends on the decision of the Supreme Court) could affect Muthoot Finance's lending rates and operational expenditure as the compliance requirements under the act would be rigorous and cumbersome. This will remain a key rating monitorable.

Nevertheless, in terms of product segments, Muthoot Finance has steadily diversified its product suite. Housing finance (Muthoot Homefin) and Microfinance (Belstar Investments) has grown their portfolio substantially during last 2 years. As a result, the proportion of non-gold assets has increased to 10% as on September 30, 2018 and is expected to increase to over 15% over the medium term. In addition, the company has also made announcement of acquisition of 'Muthoot Money Private Ltd' which is involved in vehicle finance business. With this acquisition, the share of non-gold segments would increase further. Therefore, the concentration in revenue profile, which currently is on gold loans, expected to reduce with the increase in scale of operations in housing, microfinance and vehicle loan business.

*** Challenges associated with non-gold loan segments:**
Growth, asset quality, and profitability in the non-gold loan businesses are yet to stabilise. The track record in housing finance segment is relatively short due to which the portfolio is not well seasoned. The company operates in the affordable housing finance segment, and caters to self-employed customers, engaged in small business activities. These borrowers have relatively weak credit risk profiles because of the volatile nature of their income and employment in unorganised segments. Therefore, the delinquencies are likely to increase as the portfolio achieves more seasoning. Similarly, the company is also diversified in microfinance loans which are unsecured in nature. Through MFI loans, the company lends primarily to the weaker sections of the society. Therefore, remain exposed to local level socio political and legislative issues associated with the sector.

Outlook: Stable

CRISIL believes the company will also continue to benefit from its adequate capitalisation and strong earnings profile. The outlook may be upgraded if Muthoot Finance achieves further stability and profitability in each of the non-gold business segments, along with sustained business growth. The outlook may be revised 'Negative' in case of a steep decline in interest collection or asset quality, profitability, or capitalisation within the gold loan segment.

Liquidity Profile

CRISIL's analysis of Muthoot Finance's asset liability maturity profile as of September 2018 shows cumulative positive mismatches across all buckets upto 1 year. As per the ALM statement as on September 30, 2018, Muthoot finance had outflows of Rs 18,185 crore till 1 year and against this, the expected inflows are over Rs 31,000 crore. Out of the inflows maturing till 1 year (i.e. Rs 31000 crore), more than 70% were maturing till 6 months. These high level of inflows is attributed to the effective maturity of gold loans being about 4 ' 5 months.

Further, Muthoot Finance has raised Rs 2465 crore through commercial papers (CPs) during October and November 2018. The repayment of outstanding CPs are adequately staggered with highest single day repayment being around Rs.400 crore. The liquidity position is also supported by un-utilised bank lines of Rs 1390 crore as on date in addition to liquidity of Rs 2020 crore (Cash and bank balance of Rs 616 and investment in mutual funds of Rs 1900 crore). Considering these aspects, CRISIL believes that Muthoot finance's liquidity position will remain comfortable over medium term.

About the Company

Muthoot Finance, an NBFC, was originally set up as a private limited company in 1997; this was reconstituted as a public limited company in November 2008. It provides finance against used household gold jewellery; the promoters' family has been in this business for over seven decades. Muthoot Finance is the flagship company of the Muthoot group (promoters of Muthoot Finance), which is also in the hospitality, healthcare, media, education, information technology, foreign exchange, insurance distribution, and money transfer businesses. The company had a nationwide network of around 4370 branches as on September 30, 2018. It had gold loan advances book of Rs 30,562 Crore, and a networth of Rs 8,307 Crore, as on June 30, 2018. For fiscal 2018, Muthoot Finance's standalone PAT and total income grew to Rs. 1,720 Crore and Rs 6,243 Crore, from Rs. 1,180 Crore and Rs. 5,747 Crore, respectively, the previous fiscal. During first quarter of fiscal 2019, the company reported PAT of Rs 492 crore on total income of Rs 1,633 crore as against PAT of Rs 345 crore on total income of Rs 1,377 crore during the same period previous year.

For fiscal 2018, on a consolidated basis, PAT (Before adjustment for minority interest) was Rs 1,799 crore on total income of Rs 6,705 crore, against PAT (Before adjustment for minority interest) of Rs 1,207 crore on total income of Rs 5,938 crore for fiscal 2017.

Key financials of Muthoot Finance - Standalone

As on/ for the period ended March 31		Q2/Sep 18#	2018	2017
Total managed assets	Rs crore	34,601	31,382	30,713
Total income	Rs crore	3,283	6,243	5,747
Profit after tax	Rs crore	975	1,720	1,180
Gross NPA	%	1.9	7.0 (90+ dpd)	2.1 (120+ dpd)
Gearing	Times	2.8	2.7	3.2
Return on managed assets	%	5.9	5.5	4.1

 # under IND-AS
All amounts are in Rs.Cr.

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of Allotment	Coupon rate (%)	Maturity date	Iss Si (Rs cr
NA	Debentures^	NA	NA	NA	40
NA	Debentures^	NA	NA	NA	15
INE414G07225	Secured Redeemable Non-Convertible Debentures#	1-Nov-12	11.75	1-Nov-17	42
INE414G07233	Secured Redeemable Non-Convertible Debentures#	1-Nov-12	12	1-Nov-17	31
INE414G07241	Secured Redeemable Non-Convertible Debentures#	1-Nov-12	N.A	1-Nov-18	18
INE414G07274	Secured Redeemable Non-Convertible Debentures#	25-Sep-13	11.5	25-Sep-18	1
INE414G07308	Secured Redeemable Non-Convertible Debentures#	25-Sep-13	12	25-Sep-18	2
INE414G07340	Secured Redeemable Non-Convertible Debentures#	25-Sep-13	N.A	25-Sep-18	1
INE414G07373	Secured Redeemable Non-Convertible Debentures	4-Dec-13	10.75 & 11.50	4-Dec-18	1
INE414G07407	Secured Redeemable Non-Convertible Debentures	4-Dec-13	11.25 & 12.00	4-Dec-18	1
INE414G07449	Secured Redeemable Non-Convertible Debentures	4-Dec-13	N.A	4-Dec-18	1
INE414G07472	Secured Redeemable Non-Convertible Debentures	4-Feb-14	10.75 & 11.50	4-Feb-19	[illegible]
INE414G07506	Secured Redeemable Non-Convertible Debentures	4-Feb-14	11.25 & 12.00	4-Feb-19	1
INE414G07548	Secured Redeemable Non-Convertible Debentures	4-Feb-14	N.A	4-Feb-19	1
INE414G07AQ5	Secured Redeemable Non-Convertible Debentures#	20-Jan-16	9.50 & 8.75	20-Jan-18	33
INE414G07AR3	Secured Redeemable Non-Convertible Debentures	20-Jan-16	9.75 & 9.00	20-Jan-19	11
INE414G07AS1	Secured Redeemable Non-Convertible Debentures	20-Jan-16	9.25 & 8.50	20-Jan-21	1
INE414G07AT9	Secured Redeemable Non-Convertible Debentures#	20-Jan-16	9.75 & 9.00	20-Jan-18	39
INE414G07AU7	Secured Redeemable Non-Convertible Debentures	20-Jan-16	10.00 & 9.25	20-Jan-19	97
INE414G07AV5	Secured Redeemable Non-Convertible Debentures	20-Jan-16	9.50 & 8.75	20-Jan-21	0
INE414G07AX1	Secured Redeemable Non-Convertible Debentures#	20-Jan-16	N.A	20-Jan-18	28
INE414G07AY9	Secured Redeemable Non-Convertible Debentures	20-Jan-16	N.A	20-Jan-19	47
INE414G07AZ6	Secured Redeemable Non-Convertible Debentures	20-Jan-16	N.A	20-Jan-21	0
INE414G07BO8	Secured Redeemable Non-Convertible Debentures	30-Jan-17	8.75 & 8.50	30-Jan-19	5
INE414G07BP5	Secured Redeemable Non-Convertible Debentures	30-Jan-17	9.00 & 8.75	30-Jan-20	26
INE414G07BQ3	Secured Redeemable Non-Convertible Debentures	30-Jan-17	9.00 & 8.75	30-Jan-22	11
INE414G07BR1	Secured Redeemable Non-Convertible Debentures	30-Jan-17	9.00 & 8.75	30-Jan-19	28
INE414G07BS9	Secured Redeemable Non-Convertible Debentures	30-Jan-17	9.25 & 9.00	30-Jan-20	83
INE414G07BT7	Secured Redeemable Non-Convertible Debentures	30-Jan-17	9.25 & 9.00	30-Jan-22	82
INE414G07BU5	Secured Redeemable Non-Convertible Debentures#	30-Jan-17	N.A	6-Mar-18	29
INE414G07BV3	Secured Redeemable Non-Convertible Debentures#	30-Jan-17	N.A	30-Jul-18	1
INE414G07BW1	Secured Redeemable Non-Convertible Debentures	30-Jan-17	N.A	30-Jan-19	5
INE414G07BX9	Secured Redeemable Non-Convertible Debentures	30-Jan-17	N.A	30-Jan-20	17
INE414G07BY7	Secured Redeemable Non-Convertible Debentures	24-Apr-17	8.25	24-Apr-19	45
INE414G07BZ4	Secured Redeemable Non-Convertible Debentures	24-Apr-17	8.5	24-Jun-20	68
INE414G07CA5	Secured Redeemable Non-Convertible Debentures	24-Apr-17	8.75	24-Apr-22	61
INE414G07CB3	Secured Redeemable Non-Convertible Debentures	24-Apr-17	8.5	24-Apr-19	74

INE414G07CC1	Secured Redeemable Non-Convertible Debentures	24-Apr-17	8.75	24-Jun-20	142
INE414G07CD9	Secured Redeemable Non-Convertible Debentures	24-Apr-17	9	24-Apr-22	19
INE414G07CE7	Secured Redeemable Non-Convertible Debentures#	24-Apr-17	NA	29-May-18	2
INE414G07CF4	Secured Redeemable Non-Convertible Debentures	24-Apr-17	NA	24-Oct-18	6
INE414G07CG2	Secured Redeemable Non-Convertible Debentures	24-Apr-17	NA	24-Apr-19	1
INE414G07CH0	Secured Redeemable Non-Convertible Debentures	24-Apr-17	NA	24-Jun-20	3
INE414G07CI8	Secured Redeemable Non-Convertible Debentures	19-Apr-18	8.25	19-Apr-20	11
INE414G07CJ6	Secured Redeemable Non-Convertible Debentures	19-Apr-18	8.5	19-Jun-21	27
INE414G07CK4	Secured Redeemable Non-Convertible Debentures	19-Apr-18	8.75	19-Apr-23	56
INE414G07CL2	Secured Redeemable Non-Convertible Debentures	19-Apr-18	8.5	19-Apr-20	71
INE414G07CM0	Secured Redeemable Non-Convertible Debentures	19-Apr-18	8.75	19-Jun-21	186
INE414G07CN8	Secured Redeemable Non-Convertible Debentures	19-Apr-18	9	19-Apr-23	721
INE414G07CO6	Secured Redeemable Non-Convertible Debentures	19-Apr-18	NA	24-May-19	14
INE414G07CP3	Secured Redeemable Non-Convertible Debentures	19-Apr-18	NA	19-Apr-20	8
INE414G07CQ1	Secured Redeemable Non-Convertible Debentures	19-Apr-18	NA	19-Jun-21	19
INE414G07CR9	Secured Redeemable Non-Convertible Debentures	19-Apr-18	NA	19-Apr-23	20
INE414G07CS7	Secured Redeemable Non-Convertible Debentures	26-Jul-18	9.75	26-Jul-21	1
NE414G07CT5	Secured Redeemable Non-Convertible Debentures	13-Aug-18	9.60	22-Jun-20	2
N.A.	Secured Redeemable Non-Convertible Debentures^	N.A	N.A	N.A	7
INE414G08215	Subordinated Bond	25-Sep-13	N.A	25-Sep-19	2
INE414G08223	Subordinated Bond	4-Dec-13	N.A	4-Dec-19	2
INE414G08231	Subordinated Bond	4-Feb-14	N.A	4-Feb-20	4
INE414G08306	Subordinated Debt	20-Jan-16	N.A	20-Apr-23	2
INE414G08330	Subordinated Debt	30-Jan-17	N.A	30-Jan-25	31
INE414G08348	Subordinated Debt	24-Apr-17	N.A	24-Apr-25	18
INE414G09015	Subordinated Bond	26-Mar-13	N.A	26-Mar-23	1
N.A.	Subordinated Bond^	N.A	N.A	N.A	9
N.A.	Subordinated Debt^	N.A	N.A	N.A	31
N.A.	Commercial Paper	N.A	N.A	7-365 days	50

^ Yet to be issued

 # CRISIL is awaiting independent confirmation of redemption before withdrawing rating on the instruments

Annexure - Rating History for last 3 Years

	Current			2019 (History)		2018		2017		
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**
Commercial Paper	ST	5000.00	CRISIL A1+			29-11-18	CRISIL A1+	31-10-17	CRISIL A1+	
						19-09-18	CRISIL A1+			
						31-07-18	CRISIL A1+			
						29-01-18	CRISIL A1+			
						19-01-18	CRISIL A1+			
Non Convertible Debentures	LT	7145.80 18-01-19	CRISIL AA/Stable			29-11-18	CRISIL AA/Stable	31-10-17	CRISIL AA/Stable	08-11-16
						19-09-18	CRISIL AA/Stable	24-10-17	CRISIL AA/Stable	01-07-16
						31-07-18	CRISIL AA/Stable	08-03-17	CRISIL AA/Stable	
						29-01-18	CRISIL AA/Stable			
						19-01-18	CRISIL AA/Stable			
Short Term Debt	ST							24-10-17	CRISIL A1+	08-11-16
								08-03-17	CRISIL A1+	01-07-16
Subordinate Bond	LT	98.00 18-01-19	CRISIL AA/Stable			29-11-18	CRISIL AA/Stable	31-10-17	CRISIL AA/Stable	08-11-16
						19-09-18	CRISIL AA/Stable	24-10-17	CRISIL AA/Stable	01-07-16
						31-07-18	CRISIL AA/Stable	08-03-17	CRISIL AA/Stable	
						29-01-18	CRISIL AA/Stable			
						19-01-18	CRISIL AA/Stable			
Subordinated Debt	LT	73.52 18-01-19	CRISIL AA/Stable			29-11-18	CRISIL AA/Stable	31-10-17	CRISIL AA/Stable	08-11-16
						19-09-18	CRISIL AA/Stable	24-10-17	CRISIL AA/Stable	01-07-16
						31-07-18	CRISIL AA/Stable	08-03-17	CRISIL AA/Stable	
						29-01-18	CRISIL AA/Stable			
						19-01-18	CRISIL AA/Stable			

All amounts are in Rs.Cr.

Links to related criteria

[CRISILs Bank Loan Ratings - process, scale and default recognition]

[Rating Criteria for Finance Companies]

[CRISILs Criteria for rating short term debt]

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9988 / ITSL / OPR / CL / 18-19 / DEB / 1742

Date: 14-Jan-2019

Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Banerji Road, Kochi- 682 018
Kerala, India.

Dear Sirs,

Re: PROPOSED PUBLIC ISSUE BY MUTHOOT FINANCE LIMITED, ("COMPANY" OR "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF Rs.1,000 EACH, ("NCDs"), FOR AN AMOUNT AGGREGATING UP TO Rs.40,000 MILLIONS ("SHELF LIMIT") HEREINAFTER REFERRED TO AS THE "ISSUE" WHICH IS TO BE ISSUED IN ONE OR MORE TRANCHES UP TO THE SHELF LIMIT, ON TERMS AND CONDITIONS AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS FOR ANY TRANCHE ISSUE (EACH A "TRANCHE ISSUE").

We, IDBI Trusteeship Services Limited, do hereby consent to act as the Debenture Trustee to the Company in accordance with Regulation 4 (4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 with respect to the Issue/Tranche Issue(s) and to our name being inserted as the Debenture Trustee, in the Draft Shelf Prospectus to be filed with the stock exchange(s) for the purposes of receiving public comments and the Shelf Prospectus/ Tranche Prospectus to be filed with the Registrar of Companies and the stock exchange(s) in which the Company intends to issue in respect of the Issue and also all related advertisements and the subsequent communications sent to the holders of debt securities pursuant to the Issue/ Tranche Issue(s).

We hereby authorise you to deliver this letter of consent to the stock exchange(s) or any other regulatory authorities as may be required by law.

Yours faithfully,

For IDBI Trusteeship Services Limited

Authorised Signatory

SCHEDULE A | CASH FLOWS FOR VARIOUS OPTIONS

ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS

Investors should note that the below examples are solely for illustrative purposes and is not specific to the Issue. The illustration of cash flow is based on the Tranche III Issue Closing Date as mentioned in this Tranche III Prospectus and post issue timelines which are subject to change.

Option I

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	November 05, 2021
Coupon Rate for all Category of investors	9.25%
Frequency of the interest payment with specified dates	First interest on January 01, 2020 and subsequently on the 1st day of every month.
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	**Due Date**	**Date of a payment**	**No. of days in Coupon Period**	**Amount (in ₹) All Category of investors**
1st coupon	Wednesday, January 01, 2020	Wednesday, January 01, 2020	57	14.00
2nd coupon	Saturday, February 01, 2020	Saturday, February 01, 2020	31	8.00
3rd coupon	Sunday, March 01, 2020	Monday, March 02, 2020	29	7.00
4th coupon	Wednesday, April 01, 2020	Wednesday, April 01, 2020	31	8.00
5th coupon	Friday, May 01, 2020	Saturday, May 02, 2020	30	8.00
6th coupon	Monday, June 01, 2020	Monday, June 01, 2020	31	8.00
7th coupon	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.00
8th coupon	Saturday, August 01, 2020	Saturday, August 01, 2020	31	8.00
9th coupon	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.00
10th coupon	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.00
11th coupon	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.00
12th coupon	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.00
13th coupon	Friday, January 01, 2021	Friday, January 01, 2021	31	8.00
14th coupon	Monday, February 01, 2021	Monday, February 01, 2021	31	8.00
15th coupon	Monday, March 01, 2021	Monday, March 01, 2021	28	7.00
16th coupon	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.00
17th coupon	Saturday, May 01, 2021	Monday, May 03, 2021	30	

				8.00
18th coupon	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.00
19th coupon	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.00
20th coupon	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.00
21st coupon	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.00
22nd coupon	Friday, October 01, 2021	Friday, October 01, 2021	30	8.00
23rd coupon	Monday, November 01, 2021	Monday, November 01, 2021	31	8.00
24th coupon	Friday, November 05, 2021	Friday, November 05, 2021	4	1.00
Principal/ Maturity value	Friday, November 05, 2021	Friday, November 05, 2021	-	1,000.00
Total				**1,189.00**

Option II

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	January 05, 2023
Coupon Rate for all Category of investors	9.50%
Frequency of the interest payment with specified dates	First interest on January 01, 2020 and subsequently on the 1st day of every month.
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	**Due Date**	**Date of a payment**	**No. of days in Coupon Period**	**Amount (in ₹)** **All Category of investors**
1st coupon	Wednesday, January 01, 2020	Wednesday, January 01, 2020	57	15.00
2nd coupon	Saturday, February 01, 2020	Saturday, February 01, 2020	31	8.00
3rd coupon	Sunday, March 01, 2020	Monday, March 02, 2020	29	8.00
4th coupon	Wednesday, April 01, 2020	Wednesday, April 01, 2020	31	8.00
5th coupon	Friday, May 01, 2020	Saturday, May 02, 2020	30	8.00
6th coupon	Monday, June 01, 2020	Monday, June 01, 2020	31	8.00
7th coupon	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.00
8th coupon	Saturday, August 01, 2020	Saturday, August 01, 2020	31	8.00
9th coupon	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.00
10th coupon	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.00
11th coupon	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.00

12th coupon	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.00
13th coupon	Friday, January 01, 2021	Friday, January 01, 2021	31	8.00
14th coupon	Monday, February 01, 2021	Monday, February 01, 2021	31	8.00
15th coupon	Monday, March 01, 2021	Monday, March 01, 2021	28	7.00
16th coupon	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.00
17th coupon	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.00
18th coupon	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.00
19th coupon	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.00
20th coupon	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.00
21st coupon	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.00
22nd coupon	Friday, October 01, 2021	Friday, October 01, 2021	30	8.00
23rd coupon	Monday, November 01, 2021	Monday, November 01, 2021	31	8.00
24th coupon	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.00
25th coupon	Saturday, January 01, 2022	Saturday, January 01, 2022	31	8.00
26th coupon	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.00
27th coupon	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.00
28th coupon	Friday, April 01, 2022	Friday, April 01, 2022	31	8.00
29th coupon	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.00
30th coupon	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.00
31st coupon	Friday, July 01, 2022	Friday, July 01, 2022	30	8.00
32nd coupon	Monday, August 01, 2022	Monday, August 01, 2022	31	8.00
33rd coupon	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.00
34th coupon	Saturday, October 01, 2022	Saturday, October 01, 2022	30	8.00
35th coupon	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.00
36th coupon	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.00
37th coupon	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.00
38th coupon	Thursday, January 05, 2023	Thursday, January 05, 2023	4	1.00
Principal/ Maturity value	Thursday, January 05, 2023	Thursday, January 05, 2023		1,000.00
Total				**1,302.00**

Option III

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	November 05, 2024
Coupon Rate for all Category of investors	9.75%

Frequency of the interest payment with specified dates	First interest on January 01, 2020 and subsequently on the 1st day of every month.
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	Due Date	Date of a payment	No. of days in Coupon Period	Amount (in ₹) All Category of investors
1st coupon	Wednesday, January 01, 2020	Wednesday, January 01, 2020	57	15.00
2nd coupon	Saturday, February 01, 2020	Saturday, February 01, 2020	31	8.00
3rd coupon	Sunday, March 01, 2020	Monday, March 02, 2020	29	8.00
4th coupon	Wednesday, April 01, 2020	Wednesday, April 01, 2020	31	8.00
5th coupon	Friday, May 01, 2020	Saturday, May 02, 2020	30	8.00
6th coupon	Monday, June 01, 2020	Monday, June 01, 2020	31	8.00
7th coupon	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.00
8th coupon	Saturday, August 01, 2020	Saturday, August 01, 2020	31	8.00
9th coupon	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.00
10th coupon	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.00
11th coupon	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.00
12th coupon	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.00
13th coupon	Friday, January 01, 2021	Friday, January 01, 2021	31	8.00
14th coupon	Monday, February 01, 2021	Monday, February 01, 2021	31	8.00
15th coupon	Monday, March 01, 2021	Monday, March 01, 2021	28	7.00
16th coupon	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.00
17th coupon	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.00
18th coupon	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.00
19th coupon	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.00
20th coupon	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.00
21st coupon	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.00
22nd coupon	Friday, October 01, 2021	Friday, October 01, 2021	30	8.00
23rd coupon	Monday, November 01, 2021	Monday, November 01, 2021	31	8.00
24th coupon	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.00
25th coupon	Saturday, January 01, 2022	Saturday, January 01, 2022	31	8.00
26th coupon	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.00
27th coupon	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.00
28th coupon	Friday, April 01, 2022	Friday, April 01, 2022	31	8.00
29th coupon	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.00
30th coupon	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.00
31st coupon	Friday, July 01, 2022	Friday, July 01, 2022	30	8.00
32nd coupon	Monday, August 01, 2022	Monday, August 01, 2022	31	8.00
33rd coupon	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.00
34th coupon	Saturday, October 01, 2022	Saturday, October 01, 2022	30	8.00
35th coupon	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.00
36th coupon	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.00
37th coupon	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.00
38th coupon	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.00

39th coupon	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.00
40th coupon	Saturday, April 01, 2023	Saturday, April 01, 2023	31	8.00
41st coupon	Monday, May 01, 2023	Tuesday, May 02, 2023	30	8.00
42nd coupon	Thursday, June 01, 2023	Thursday, June 01, 2023	31	8.00
43rd coupon	Saturday, July 01, 2023	Saturday, July 01, 2023	30	8.00
44th coupon	Tuesday, August 01, 2023	Tuesday, August 01, 2023	31	8.00
45th coupon	Friday, September 01, 2023	Friday, September 01, 2023	31	8.00
46th coupon	Sunday, October 01, 2023	Tuesday, October 03, 2023	30	8.00
47th coupon	Wednesday, November 01, 2023	Wednesday, November 01, 2023	31	8.00
48th coupon	Friday, December 01, 2023	Friday, December 01, 2023	30	8.00
49th coupon	Monday, January 01, 2024	Monday, January 01, 2024	31	8.00
50th coupon	Thursday, February 01, 2024	Thursday, February 01, 2024	31	8.00
51st coupon	Friday, March 01, 2024	Friday, March 01, 2024	29	8.00
52nd coupon	Monday, April 01, 2024	Monday, April 01, 2024	31	8.00
53rd coupon	Wednesday, May 01, 2024	Thursday May 02, 2024	30	8.00
54th coupon	Saturday, June 01, 2024	Saturday, June 01, 2024	31	8.00
55th coupon	Monday, July 01, 2024	Monday, July 01, 2024	30	8.00
56th coupon	Thursday, August 01, 2024	Thursday, August 01, 2024	31	8.00
57th coupon	Sunday, September 01, 2024	Monday, September 02, 2024	31	8.00
58th coupon	Tuesday, October 01, 2024	Tuesday, October 01, 2024	30	8.00
59th coupon	Friday, November 01, 2024	Friday, November 01, 2024	31	8.00
60th coupon	Tuesday, November 05, 2024	Tuesday, November 05, 2024	4	1.00
Principal/ Maturity value	Tuesday, November 05, 2024	Tuesday, November 05, 2024		1000.00
Total				**1,477.00**

Option IV

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	November 05, 2021
Coupon Rate for all Category of investors	9.50%
Frequency of the interest payment with specified dates	First interest on November 05, 2020 and subsequently on November 05th every year
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	Due Date	Date of a payment	No. of days in Coupon Period	Amount (in ₹) All Category of investors
1st coupon	Thursday, November 05, 2020	Thursday, November 05, 2020	366	95.00
2nd coupon	Friday, November 05, 2021	Friday, November 05, 2021	365	95.00
Principal/ Maturity value	Friday, November 05, 2021	Friday, November 05, 2021		1000.00

Total				1,190.00

Option V

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	January 05, 2023
Coupon Rate for all Category of investors	9.75%
Frequency of the interest payment with specified dates	First interest on November 05, 2020 and subsequently on November 05th every year
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	Due Date	Date of a payment	No. of days in Coupon Period	Amount (in ₹) All Category of investors
1st coupon	Thursday, November 05, 2020	Thursday, November 05, 2020	366	98.00
2nd coupon	Friday, November 05, 2021	Friday, November 05, 2021	365	98.00
3rd coupon	Saturday, November 05, 2022	Saturday, November 05, 2022	365	98.00
4th coupon	Thursday, January 05, 2023	Thursday, January 05, 2023	61	16.00
Principal/ Maturity value	Thursday, January 05, 2023	Thursday, January 05, 2023		1000.00
Total				**1,310.00**

Option VI

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	November 05, 2024
Coupon Rate for all Category of investors	10.00%
Frequency of the interest payment with specified dates	First interest on November 05, 2020 and subsequently on November 05th every year
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	Due Date	Date of a payment	No. of days in Coupon Period	Amount (in ₹) All Category of investors

1st coupon	Thursday, November 05, 2020	Thursday, November 05, 2020	366	100.00
2nd coupon	Friday, November 05, 2021	Friday, November 05, 2021	365	100.00
3rd coupon	Saturday, November 05, 2022	Saturday, November 05, 2022	365	100.00
4th coupon	Sunday, November 05, 2023	Monday, November 06, 2023	365	100.00
5th coupon	Tuesday, November 05, 2024	Tuesday, November 05, 2024	366	100.00
Principal/ Maturity value	Tuesday, November 05, 2024	Tuesday, November 05, 2024		1000.00
Total				**1,500.00**

Option VII

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	November 05, 2021
Coupon Rate for all Category of investors	NA
Frequency of the interest payment with specified dates	NA
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines.Subject to further change

Cash Flows	**Due Date**	**Date of payment**	**No. of days in Coupon Period**	**Amount (in ₹)** **All Category of investors**
Principal / Maturity value	Friday, November 05, 2021	Friday, November 05, 2021		1,194.00
Total				**1,194.00**

Option VIII

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	January 05, 2023
Coupon Rate for all Category of investors	NA
Frequency of the interest payment with specified dates	NA
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines.Subject to further change

Cash Flows	**Due Date**	**Date of a payment**	**No. of days in Coupon Period**	**Amount (in ₹)**

				All Category of investors
Principal / Maturity value	Thrusday, January 05, 2023	Thrusday, January 05, 2023		1,334.00
Total				**1,334.00**

Option IX

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	November 05, 2024
Coupon Rate for all Category of investors	NA
Frequency of the interest payment with specified dates	NA
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	Due Date	Date of a payment	No. of days in Coupon Period	Amount (in ₹) All Category of investors
Principal / Maturity value	Tuesday, November 05, 2024	Tuesday, November 05, 2024		1,592.00
Total				**1,592.00**

Option X

Company	Muthoot Finance Limited
Face value (per security)	₹ 1,000.00
Issue Date/ Date of Allotment (tentative)*	September 27 ,2019 / November 05, 2019
Redemption	May 05, 2027
Coupon Rate for all Category of investors	NA
Frequency of the interest payment with specified dates	NA
Day count convention	Actual/actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash Flows	Due Date	Date of a payment	No. of days in Coupon Period	Amount (in ₹) All Category of investors

Principal / Maturity value	Wednesday, May 05, 2027	Wednesday, May 05, 2027	2,000.00
Total			**2,000.00**

Assumptions:

1. The Deemed Date of Allotment is assumed to be June 14, 2019. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.

2. Interest payable during the Financial Year 2020 and 2024, being leap years, have been calculated for 366 days.

3. In the event, the interest / pay-out of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 2,515.07 /-, then the amount shall be rounded off to Rs. 2,515.00. However, this rounding off to nearest integer at the time of payment of interest and/or redemption amount will be done per debenture holder. The Coupon/ Interest Payments are rounded-off to nearest rupee as per FIMMDA "Handbook on market practices".

ANNEXURE A

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUTHOOT FINANCE LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Muthoot Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"),which comprise the consolidated Balance Sheet as at March 31 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year ended on that date, and the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements".

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, its consolidated Profit (including Other Comprehensive Income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A) Key Audit Matters with reference to the Holding Company

Key Audit Matters	How addressed in Audit
Indian Accounting Standards (Ind-AS) as specified under Section 133 of the Act, read with relevant rules there under have been made mandatorily applicable for specified Non-Banking Finance Companies applicable with effect from April 1, 2018 and consequently these consolidated financial statements have been prepared by the management in compliance with the Ind AS framework. As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Holding Company in prior years, Ind-AS 109 (Financial Instruments) requires the Holding Company to recognise Expected credit Loss (ECL) on financial assets, which involves application of significant judgement and estimates including use of key assumptions such as probability of default and loss given default Refer Note 51 to the Consolidated Financial Statements	We have evaluated the management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to: – The identification of events leading to a significant increase in risk and credit impairment events; and – The determination of the impaired credit loss allowances and the key assumptions including probability of default and loss given default on a forward looking basis having regard to historical experiences. We understood and assessed the appropriateness of the impairment methodology developed and used by the management at the entity level. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard. We found that these key controls as above, were designed, implemented and operated effectively, and therefore have placed reliance on these key controls for the purposes of our audit of ECL and impairment loss allowances
Completeness in identification, accounting and disclosure of related party transactions in accordance with the applicable laws and financial reporting framework. Refer Note 40 to the Consolidated Financial Statements	We have assessed the systems and processes laid down by the Holding Company to appropriately identify, account and disclose all material related party transactions in accordance with applicable laws and financial reporting framework. We have designed and performed audit procedures in accordance with the guidelines laid down by ICAI in the Standard on Auditing (SA 550) to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose material related party transactions which includes obtaining necessary

Key Audit Matters	How addressed in Audit
	approvals at appropriate stages of such transactions as mandated by applicable laws and regulations.
The Holding Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes. Refer Note 39 to the Consolidated Financial Statements	We have obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management of the Holding Company. We obtained opinion of experts and also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.
Key Information technology (IT) systems used in financial reporting process. The Holding company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the consolidated financial statements.	We obtained an understanding of the Holding Company's IT control environment and key changes during the audit period that may be relevant to the audit We tested the design, implementation and operating effectiveness of the Holding Company's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.

B) There are no specific key audit matters reported to us by the auditors of the subsidiary companies not audited by us.

Information Other than the Consolidated Financials Statements and Auditor's Report thereon (Other Information)

The Holding Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Corporate Overview, Board's Report, Management Discussion and Analysis Report and Report on Corporate Governance in the Annual Report of the Holding Company for the financial year 2018-19, but does not include the consolidated financial statements and our auditor's report thereon. The reports containing the other information as above are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements.

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

Other Matters

a) We did not audit the financial statements/financial information of six subsidiaries (incorporated in India) whose financial statements reflect total assets of Rs 44,224.20 millions as at March 31, 2019; as well as total revenue of Rs 6,353.60 millions and net cash inflows of Rs 1,242.79 millions for the year ended March 31, 2019 as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such other auditors.

b) We did not audit the financial statements of one foreign subsidiary whose financial statements reflect total assets of Rs 5,501.07 millions as at the year ended March 31 2019; as well as total revenue of Rs 1,166.34 millions and the net cash inflow of Rs 152.88 millions for the year ended March 31 2019 as considered in the consolidated financial statements. These financial statements and other financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the foreign subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid foreign subsidiary, is based solely on such unaudited financial statements and other financial information as certified by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements/ other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and reports of the other auditors and financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under.

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial statement reporting of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

   (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us,the remuneration paid/ provided by the Holding Company and its subsidiary companies incorporated in India to their directors during the year is in accordance with the provisions of section 197 of the Act.

   (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 39 to the consolidated financial statements

ii. The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31 2019. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India.

For **Varma & Varma**
(FRN: 004532S)

Sd/-
V.Sathyanarayanan
Partner
Chartered Accountants

Membership No.21941

Place: Kochi

Date: May 13, 2019

ANNEXURE 'A' REFERRED TO IN PARAGRAPH 1(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MUTHOOT FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control systems with reference to consolidated financial statements reporting of Muthoot Finance Limited ("hereinafter referred to as the 'Holding Company') and its subsidiary companies incorporated in India as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls systems with reference to financial statements reporting of the Holding Company and its subsidiary companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements reporting of the Holding Company and its subsidiary companies incorporated in India.

Meaning of Internal Financial Controls with reference to Financial Statements reporting

A company's internal financial controls system with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls system with reference to financial statements reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting

Because of the inherent limitations of internal financial controls system with reference to financial statements reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors as referred to in 'Other Matter' paragraph the Holding Company and its subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial statements reporting in so far as it relates to six subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

For **Varma & Varma**
(FRN: 004532S)

Sd/-
V.Sathyanarayanan
Partner
Chartered Accountants
Membership No.21941

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Consolidated Balance Sheet as at March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I. ASSETS				
1 Financial assets				
a) Cash and cash equivalents	5	20,056.62	6,412.06	13,752.62
b) Bank Balance other than (a) above	5	1,978.22	1,058.15	3,036.63
c) Receivables				
(I) Trade Receivables	6	216.75	266.51	161.89
(II) Other Receivables				
d) Loans	7	387,225.27	322,522.95	292,952.34
e) Investments	8	2,111.26	1,772.58	1,052.25
f) Other Financial assets	9	1,795.85	1,313.13	1,369.10
2 Non-financial Assets				
a) Current tax assets (Net)		20.29	-	-
b) Deferred tax Assets (Net)	33	369.40	191.54	694.30
c) Investment Property	10	156.97	148.18	130.53
d) Property, Plant and Equipment	11	2,055.82	2,046.02	2,131.87
e) Capital work-in-progress	11	228.30	57.37	99.78
f) Goodwill		299.96	212.16	212.16
g) Other Intangible assets	12	79.85	108.00	99.92
h) Other non-financial assets	13	753.43	609.33	185.85
Total Assets		**417,347.99**	**336,717.98**	**315,879.24**
II. LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial Liabilities				
a) Derivative financial instruments		-	-	59.07
b) Payables	14			
(I) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,664.05	1,260.12	1,109.00
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
c) Debt Securities	15	82,149.41	53,977.50	61,670.95
d) Borrowings (other than Debt Securities)	16	211,314.21	170,703.98	139,858.13
e) Deposits	17	2,618.98	2,652.80	2,421.37
f) Subordinated Liabilities	18	5,192.51	11,572.74	18,910.90
g) Other financial liabilities	19	10,466.26	13,505.31	24,013.40
2 Non-financial Liabilities				
a) Current tax liabilities (Net)		611.94	864.46	512.01
b) Provisions	20	2,165.33	2,279.03	785.12
c) Deferred tax liabilities (Net)	33	10.34	0.16	0.08
d) Other non-financial liabilities	21	419.19	603.00	605.83
3 EQUITY				
a) Equity share capital	22	4,006.61	4,000.41	3,994.76
b) Other equity	23	95,305.39	74,565.34	61,214.51
Equity attributable to the owners of the parent		**99,312.00**	**78,565.75**	**65,209.27**
c) Non-controlling interest		1,423.77	733.13	724.11
Total Liabilities and Equity		**417,347.99**	**336,717.98**	**315,879.24**

Notes on accounts form part of consolidated financial statements
As per our report of even date attached

For and on behalf of the Board of Directors

For **Varma & Varma**
(FRN : 0045325)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

	Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
	Revenue from operations			
	(i) Interest income	24	74,160.10	66,123.61
	(ii) Dividend income		-	4.94
	(iii) Net gain on fair value changes	25	554.88	129.18
	(iv) Net gain on derecognition of financial instruments under amortised cost category		118.51	-
	(v) Sale of services	26	229.51	227.46
	(vi) Service charges		881.32	641.38
(I)	**Total Revenue from operations**		**75,944.32**	**67,126.57**
(II)	Other Income	27	66.17	690.28
(III)	**Total Income (I + II)**		**76,010.49**	**67,816.85**
	Expenses			
	(i) Finance costs	28	25,354.65	21,271.37
	(ii) Impairment on financial instruments	29	678.51	2,713.02
	(iii) Employee benefits expenses	30	10,133.43	8,479.87
	(iv) Depreciation, amortization and impairment	31	516.93	519.26
	(v) Other expenses	32	6,731.69	5,412.55
(IV)	**Total Expenses (IV)**		**43,415.21**	**38,396.07**
(V)	**Profit before tax (III- IV)**		**32,595.28**	**29,420.78**
(VI)	Tax Expense:	33		
	(1) Current tax		11,466.73	10,411.53
	(2) Deferred tax		(138.82)	466.95
	(3) Taxes relating to prior years		237.76	104.78
(VII)	**Profit for the year (V- VI)**		**21,029.61**	**18,437.52**
(VIII)	**Other Comprehensive Income**			
	A) (i) Items that will not be re-classified to profit or loss			
	- Remeasurement of defined benefit plans		(28.06)	60.92
	- Fair value changes on equity instruments through other comprehensive income		33.89	29.70
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.50)	(31.27)
	Subtotal (A)		**3.33**	**59.35**
	B) (i) Items that will be re-classified to profit or loss			
	- Gain/ (loss) from translating financial statements of a foreign operations		(40.06)	(15.76)
	-Fair value gain on debt instruments through other comprehensive income		17.63	10.35
	(ii) Income tax relating to items that will be reclassified to profit or loss		(5.13)	(3.58)
	Subtotal (B)		**(27.56)**	**(8.99)**
	Other comprehensive income (A + B) (VIII)		**(24.23)**	**50.36**
(IX)	**Total comprehensive income for the year (VII+VIII)**		**21,005.38**	**18,487.88**
	Profit for the period attributable to			
	Owners of the parent		20,780.13	18,298.32
	Non-controlling interest		249.48	139.20
	Other comprehensive income attributable to			
	Owners of the parent		(11.11)	54.80
	Non-controlling interest		(13.12)	(4.44)
	Total comprehensive income for the year attributable to			
	Owners of the parent		20,769.02	18,353.12
	Non-controlling interest		236.36	134.76
(X)	**Earnings per equity share**	34		
	(Face value of Rs. 10/- each)			
	Basic (Rs.)		51.92	45.79
	Diluted (Rs.)		51.82	45.64

Notes on accounts form part of consolidated financial statements
As per our report of even date attached

For **Varma & Varma**
(FRN : 0045325)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Place: Kochi
Date: May 13, 2019

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

a. Equity Share Capital
Equity shares of Rs. 10/- each issued, subscribed and fully paid

	Number	*Amount*
As at April 01, 2017	399,475,549	3,994.76
Shares issued in exercise of Employee Stock Options during the year	565,690	5.66
As at March 31, 2018	**400,041,239**	**4,000.41**
Shares issued in exercise of Employee Stock Options during the year	620,077	6.20
As at March 31, 2019	**400,661,316**	**4,006.61**

b. Other Equity

Particulars	Reserves and Surplus							Other comprehensive income				Total attributable to equity holders of the parent	Total non-controlling interest	Total
	Statutory reserve	Securities premium	Debenture redemption reserve	General Reserve	Share Option Outstanding	Capital reserve	Retained Earnings	Foreign currency translation reserve	Debts instruments through other comprehensive income	Equity instruments through other comprehensive income	Other Items of Other Comprehensive Income (Remeasurement of defined benefit plans)			
Balance as at April 01, 2017	12,654.51	14,721.81	20,335.91	2,676.33	171.42	0.66	10,653.87	-	-	-	-	61,214.51	724.11	61,938.62
Profit for the period	-	-	-	-	-	-	18,298.32	-	-	-	-	18,298.32	139.20	18,437.52
Other comprehensive income for the year	-	-	-	-	-	-	-	(9.46)	4.37	19.46	40.43	54.80	(4.44)	50.36
Adjustments to non controlling interest	-	-	-	-	-	-	(276.12)	-	-	-	-	(276.12)	(111.09)	(387.21)
Dividend	-	-	-	-	-	-	(4,014.19)	-	-	-	-	(4,014.19)	-	(4,014.19)
Tax on dividend	-	-	-	-	-	-	(816.26)	-	-	-	-	(816.26)	-	(816.26)
Net gain / (loss) on transaction with Non-controlling interest	-	-	-	-	-	-	14.65	-	-	-	-	14.65	(14.65)	-
Transfer to/from retained earnings	3,694.40	-	5,100.22	-	-	-	(8,794.62)	-	-	-	-	-	-	-
Share based payment expenses	-	-	-	-	67.54	-	-	-	-	-	-	67.54	-	67.54
Share options exercised during the year	-	75.23	-	-	(53.14)	-	-	-	-	-	-	22.09	-	22.09
Balance as at March 31, 2018	**16,348.91**	**14,797.04**	**25,436.13**	**2,676.33**	**185.82**	**0.66**	**15,065.65**	**(9.46)**	**4.37**	**19.46**	**40.43**	**74,565.34**	**733.13**	**75,298.47**

Muthoot Finance Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	Reserves and Surplus							Other comprehensive income				Total attributable to equity holders of the parent	Total non-controlling interest	Total
	Statutory reserve	Securities premium	Debenture redemption reserve	General Reserve	Share Option Outstanding	Capital reserve	Retained Earnings	Foreign currency translation reserve	Debts instruments through other comprehensive income	Equity instruments through other comprehensive income	Other Items of Other Comprehensive Income (Remeasurement of defined benefit plans)			
Impact of adoption of SLFRS 9 in AAF	-	-	-	-	-	-	(107.52)	-	-	-	-	(107.52)	-	(107.52)
Other Adjustments to opening balance (AAF)	-	-	-	-	-	-	(5.27)	-	-	-	-	(5.27)	-	(5.27)
Profit for the period	-	-	-	-	-	-	20,780.13	-	-	-	-	20,780.13	249.48	21,029.61
Other comprehensive income for the year	-	-	-	-	-	-		(24.24)	8.51	19.32	(14.70)	(11.11)	(13.12)	(24.23)
Net gain / loss on transaction with Non-controlling interest	-	-	-	-	-	-	123.47	-	-	-	-	123.47	(123.47)	-
Adjustments to non controlling interest	-	-	-	-	-	-	(111.85)	-	-	-	-	(111.85)	(61.95)	(173.80)
Transfer to/from retained earnings	4,228.26	-	9,687.85	-	-	-	(13,916.11)	-	-	-	-	-	-	-
Share based payment expenses	-	-	-	-	47.69	-	-	-	-	-	-	47.69	-	47.69
Share options exercised during the year	-	93.37	-	-	(68.86)	-	-	-	-	-	-	24.51	-	24.51
Increase in stake of non-controlling interest due to acquisition	-	-	-	-	-	-	-	-	-	-	-	-	639.70	639.70
Balance as at March 31, 2019	**20,577.17**	**14,890.41**	**35,123.98**	**2,676.33**	**164.65**	**0.66**	**21,828.50**	**(33.70)**	**12.88**	**38.78**	**25.73**	**95,305.39**	**1,423.77**	**96,729.16**

Notes on accounts form part of consolidated financial statements
As per our report of even date attached

For Varma & Varma
(FRN : 0045325)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Place: Kochi
Date: May 13, 2019

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Consolidated Cash flow statements for the year ended 31 March 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	**32,595.28**	**29,420.78**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	516.93	519.26
Impairment on financial instruments	678.51	2,713.02
MTM on derivatives	-	(59.07)
Finance cost	25,354.65	21,271.37
Interest income on deposits / treasury bills	(204.77)	(151.21)
Profit on sale of investment	(547.57)	(68.80)
Unrealised gain on investment	(7.31)	(1.31)
Gains from disposal of property, plant and equipment	-	(2.12)
Loss from disposal of property, plant and equipment	4.20	2.41
Provision for Employee benefit expense - Compensated absence	16.13	212.43
Provision for Employee benefit expense - Gratuity	208.28	185.61
Provision for Employee benefit expense - ESOP	47.69	67.54
Operating Profit Before Working Capital Changes	**58,662.02**	**54,109.91**
Adjustments for Working capital changes:		
(Increase)/Decrease in Trade receivables	49.77	(104.62)
(Increase)/Decrease in Bank balances other than cash and cash equivalents	(920.07)	1,978.48
Derivative liability	-	-
(Increase)/Decrease in Loans	(64,764.61)	(31,007.96)
(Increase)/Decrease in Other financial asset	(452.75)	74.31
(Increase)/Decrease in Other non-financial asset	(50.47)	(475.27)
Increase/(Decrease) in Other financial liabilities	(54.27)	(401.33)
Increase/(Decrease) in Other non financial liabilities	(183.84)	(2.56)
Increase/(Decrease) in Trade payables	403.94	151.14
Increase/(Decrease) in Provisions	(234.45)	(185.12)
Operating Profit Before Working Capital Changes	**(7,544.73)**	**24,136.98**
Finance cost paid	(28,723.72)	(28,294.88)
Income tax paid	(11,973.58)	(10,163.64)
Net cash used in operating activities	**(48,242.03)**	**(14,321.54)**
B. Cash flow from Investing activities		
Purchase of Property, plant and equipment and intangible assets	(769.00)	(364.02)
Proceeds from sale of Property, plant and equipments	3.11	14.34
(Increase)/Decrease Investment in Mutual Funds	1,581.81	(481.03)
(Increase)/Decrease Investment property	(16.85)	(20.49)
Investments at amortised cost	(598.35)	(144.75)
Investments in unquoted equity shares	(750.00)	-
Acquisiton of shares in subsidiaries	(1,273.29)	(387.20)
Interest received on investments / treasury bills	175.71	132.78
Net cash used in investing activities	**(1,646.86)**	**(1,250.37)**
C. Cash flow from Financing activities		
Proceeds from issue of shares	30.71	27.75
Proceeds from issue of subsidiary shares to Non-controlling interest	639.70	-
Increase / (decrease) in Debt Securities	28,407.66	(7,593.85)
Increase / (decrease) in Borrowings (other than Debt Securities)	40,698.39	30,867.11
Increase / (decrease) in Deposits	106.23	283.57
Increase / (decrease) in Subordinated Liabilities	(6,372.51)	(7,632.49)
Dividend paid (including dividend distribution tax)	-	(7,715.25)
Net cash flows from financing activities	**63,510.18**	**8,236.84**
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	**13,621.29**	**(7,335.07)**
Net foreign exchange difference	(14.08)	(5.49)
Cash and cash equivalents acquired on acquisition of subsidiary	37.35	-
Cash and cash equivalents at April 01, 2018/ April 01, 2017	**6,412.06**	**13,752.62**
Cash and cash equivalents at March 31, 2019/ March 31, 2018	**20,056.62**	**6,412.06**

Notes on accounts form part of consolidated financial statements
As per our report of even date attached

For and on behalf of the Board of Directors

For **Varma & Varma**
(FRN : 0045325)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Notes forming part of Consolidated Financial Statements

1. Corporate Information

Muthoot Finance Limited ("the Company") was incorporated as a private limited Company on 14th March, 1997 and was converted into a public limited Company on November 18, 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of "The Muthoot Group", which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13-11-2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI). The Registered Office of the Company is at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi - 682 018, India.

The Company made an Initial Public Offer of 51,500,000 Equity Shares of the face value Rs.10/- each at a price of Rs.175/- raising Rs.9,012,500,000.00 during the month of April 2011. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited from May 6, 2011.

Basis of Consolidation

The Consolidated financial statements relate to Muthoot Finance Limited and its subsidiaries which constitute the 'Group' hereinafter. Following subsidiary companies have been considered in the preparation of the consolidated financial statements: -

Name of the Company (Country of Incorporation)	**Abbreviation used**	**Relationship with the company**	**% of holding as at March 31, 2019**	**% of holding as at March 31, 2018**
Asia Asset Finance PLC (Sri Lanka)	AAF	Subsidiary Company	69.17	60.00
Muthoot Homefin (India) Limited (India)	MHIL	Wholly owned subsidiary Company	100.00	100.00
Belstar Investment and Finance Private Limited (India)	BIFPL	Subsidiary Company	70.01	66.61
Muthoot Insurance Brokers Private Limited (India)	MIBPL	Wholly owned subsidiary Company	100.00	100.00
Muthoot Money Private Limited (India)	MMPL	Wholly owned subsidiary Company	100.00	-
Muthoot Asset Management Private Limited (India)	MAMPL	Wholly owned subsidiary Company	100.00	-
Muthoot Trustee Private Limited (India)	MTPL	Wholly owned subsidiary Company	100.00	-

2. Basis of preparation and presentation

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time)

For all periods up to and including the year ended 31 March 2018, the Company prepared its consolidated financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The consolidated financial statements for the year ended 31 March 2019 are the first consolidated financial statement of the Group prepared in accordance with Ind AS. Refer to note No 51 on First time adoption to Ind AS for information on adoption of Ind AS by the Group.

2.2. Principles of Consolidation

2.2.1 Business Combination:

Business combinations on or after 1 April 2017

As part of transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred after 1 April 2017. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group (see Note 49). The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve if there exist clear evidence of the underlying reason for classifying the business combination as resulting in bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as incurred, except to the extent related to debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

If business combination is achieved in stages, any previously held equity interest of the acquirer in the acquiree is remeasured to its acquisition date fair value and any resulting gain or loss is recognised in the Statement of Profit and Loss or OCI, as appropriate.

Business combination prior to 1 April 2017.

In respect of business combinations prior to 1 April 2017, goodwill represents the amount recognised under the Group’s previous accounting framework under Indian GAAP.

2.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2.2.3 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.2.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other component of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

2.2.5 Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions are eliminated.

2.2.6 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into at the exchange rates at the dates of the transactions.

In accordance with Ind AS 101, the Group has elected to deem foreign currency translation differences that arose prior to the date of transition to Ind AS, i.e. 1 April 2017, in respect of all foreign operations to be Nil at the date of transition. From 1 April 2017 onwards, such exchange differences are recognised in OCI and accumulated in equity (as exchange difference on translating the financial statements of foreign operations), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the Statement of Profit and Loss as part of the gain or loss on disposal. If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

2.2.7 The financial statement of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., Year ended March 31, 2019. The financial statement and other financial information for the year ended March 31,2019 relating to the foreign subsidiary AAF are unaudited as on date.

2.2.8 Consolidated financial statements are prepared using uniform accounting policies except as stated in 3.9 and 3.10 of this Schedule. The adjustments arising out of the same are not considered material.

2.3. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

i) fair value through other comprehensive income (FVOCI) instruments,

ii) derivative financial instruments,
iii) other financial assets held for trading
iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

2.4 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest million, except when otherwise indicated.

3. Significant accounting policies

3.1. Recognition of interest income

The Group recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Group applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate on a financial asset is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset .While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset , probable fluctuation in collateral value etc are considered which has an impact on the EIR.

While calculating the effective interest rate, the Group includes all fees and points paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

3.2. Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of IND AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the respective company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the respective company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the respective company satisfies a performance obligation

Revenue from contract with customer for rendering services is recognised at a point in time when the performance obligation is satisfied.

3.2.1.Recognition of Dividend Income

Dividend income (including from FVOCI investments) is recognised by the Group when the respective Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.3. Financial instruments

A. Financial Assets

3.3.1. Initial recognition and measurement

All financial assets are recognised initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

3.3.2. Subsequent measurement

The Companies in the Group classify its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and the respective company's business model for managing financial assets.

a. *Financial assets measured at amortised cost*
A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. *Financial assets measured at fair value through other comprehensive income (FVOCI)*
A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. *Financial assets measured at fair value through profit or loss (FVTPL)*

A financial asset which is not classified in any of the above categories are measured at FVTPL.

3.3.3 Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the changes in fair value through other comprehensive income (FVOCI)

B. Financial liabilities

3.3.4 Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, Non-Convertible Debentures loans and borrowings including bank overdrafts.

3.3.5 Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

3.4. Derecognition of financial assets and liabilities

3.4.1. Financial Asset

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

An entity has transferred the financial asset if, and only if,either:

a) it has transferred its contractual rights to receive cash flows from the financial asset or
b) It retains the rights to the cash flows,but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the respective Company retains the contractual rights to receive the cash flows of a financial asset(the 'original asset'),but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'),on satisfying specific conditions.

3.4.2. Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5. Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Group and/or its counterparties

3.6. Impairment of financial assets

In accordance with IND AS 109, the Group uses 'Expected Credit Loss' model (ECL) , for evaluating impairment of financial assets other than those measured at Fair value through profit and loss.The Group follows simplified approach for recognition of impaired loss allowance on:

a) Trade Receivables or contract revenue receivables; and
b) All lease receivables resulting from transactions within the scope of Ind AS 17.

3.6.1. Overview of the Expected Credit Loss (ECL) model

Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses.

Based on the above process, the Group categorises its loans into three stages as described below:

<u>For non-impaired financial assets</u>

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, The Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL provision.

For impaired financial assets:

Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognises lifetime ECL for impaired financial assets.

3.6.2. Estimation of Expected Credit Loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, vehicles, etc. However, the fair value of collateral affects the calculation of ECLs. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

3.7. Determination of fair value of Financial Instruments

The Group measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments −Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments−Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments −Those that include one or more unobservable input that is significant to the measurement as whole.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if any as they are considered an integral part of the Group's cash management.

3.9. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.9.1. Depreciation

Depreciation on Property, Plant and Equipment is calculated by the company and subsidiary companies incorporated in India using written down value method (WDV) to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 or useful life estimated by the respective management based on technical evaluation.

The estimated useful lives are as follows:

Particulars	**Useful life**
Leasehold Improvements	10 years
Furniture and fixture	10 years
Plant	15 years
Office equipment (MMPL, MHIL, BIFPL, MFL)	5 years
Office equipment (MIBPL)	10 years
Server and networking	6 years
Computers	3 years
Building	30 years
Vehicles (MMPL, MFL)	8 years
Vehicles (MIBPL, BIFPL)	10 years
Wind Mill	22 years

In respect of foreign subsidiary AAF, the Property, Plant and Equipment are depreciated on straight line method over the estimated useful life of the assets.

The estimated useful lives are as follows:

Particulars	**Useful life**
Building	8 years

Plant	8 years
Furniture and fixture	6 years
Office equipment	6 years
Vehicles	4 years
Computers	6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.10. Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprising of software is amortised by the Company and MMPL and MIBPL on straight line basis over a period of 5 years, unless it has a shorter useful life. In respect of BIFPL and AAF computer software are amortized over a period of 3 years and 8 years respectively.In respect of MHIL,intangible assets are amortised on a WDV basis over a period of 5 years, unless it has a shorter useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.11. Impairment of non–financial assets: Property , Plant and Equipment and Intangible Assets

The Group assesses, at each reporting date, whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of assets called Cash Generating Units (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount to determine the extent of impairment, if any.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.12. Employee Benefits Expenses

3.12.1. Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services

3.12.2. Post-Employment Benefits

A. Defined contribution schemes

All eligible employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated percentage of the covered employee's salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The Group has no liability for future provident fund benefits other than its annual contribution.

B. Defined Benefit schemes

Gratuity

The Company and its subsidiaries BIFPL,MHIL and MMPL provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Group. The said companies in the Group accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Companies makes annual contribution to a Gratuity Fund administered by Trustees and separate schemes managed by Kotak Mahindra Old Mutual Life Insurance Limited and/or ICICI Prudential Life Insurance Company Limited.In respect of subisidiary BIFPL, contribution to gratuity fund is made through Life Insurance

Corporation of India group gratuity fund.Inrespect of subsidiaries MHIL and MMPL gratuity liability is not funded. In respect of its foreign subsidiary AAF, future gratuity benefits are accounted for as liability based on actuarial valuation by Project Unit Credit Method in accordance with LKAS 19.The gratuity liability is not externally funded.

The obligation is measured at the present value of the estimated future cash flows.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

3.12.3. Other Long term employee benefits

Accumulated compensated absences

The Group provides for liability of accumulated compensated absences for eligible employees on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the period in which they occur.

3.12.4 Employee share based payments

Stock options granted to the employees of the Company under the stock option scheme established are accounted as per the accounting treatment prescribed by the SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Securities and Exchange Board of India.

The Company follows the fair value method of accounting for the options and accordingly, the excess of market value of the stock options as on the date of grant over the fair value of the options is recognised as deferred employee compensation cost and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.13. Provisions (other than employee benefits)

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.14. Taxes

Income tax expense represents the sum of current tax and deferred tax

3.14.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date where the respective Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.14.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amounts in the consolidated financial statements for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss ie., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.15. Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not have any contingent assets in the financial statements.

3.16. Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.17. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.18. Cash-flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

3.19. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

4.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The respective companies in the Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2. Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

4.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.5. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.6. Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 5.1: Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash on hand	1,793.25	1,903.11	1,647.76
Balances with Banks			
- in current accounts	17,382.67	4,482.25	12,101.35
- in fixed deposit (maturing within a period of three months)	880.70	26.70	3.51
Total	**20,056.62**	**6,412.06**	**13,752.62**

Note 5.2: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Fixed deposits with bank (Refer note 5.2.1)	1,911.78	1,034.54	604.78
Balance in other escrow accounts			
- Interim Dividend	-	-	2,396.85
- Unpaid (Unclaimed) Dividend Account	6.66	4.92	3.26
- Unpaid (Unclaimed) Interest and redemption proceeds of Non-Convertible debentures - Public Issue	59.78	18.69	31.74
Total	**1,978.22**	**1,058.15**	**3,036.63**

Note 5.2.1 Fixed deposits with bank

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Fixed Deposits given as Security for borrowings	1,003.44	750.13	600.35
Fixed Deposits given as Security for guarantees	7.21	6.23	5.59
Fixed Deposits given on which lien is marked	1.52	1.45	1.35
Total	**1,012.17**	**757.81**	**607.30**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 6: Receivables
(I) Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
a) Considered good - usecured			
Receivables from Money Transfer business	136.36	210.75	117.12
Receivable from Power generation - Windmill	24.23	19.27	19.95
Commission receivable	8.47	2.93	2.84
Other trade receivables	47.69	33.56	21.98
Total	**216.75**	**266.51**	**161.89**
Less: Allowance for impairment loss	-	-	-
Total Net receivable	**216.75**	**266.51**	**161.89**

Trade receivables are non-interest bearing and are short-term in nature. These consist of receivable from government, insurance business and other parties, and does not involve any credit risk.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 7: Loans

Particulars	As at March 31, 2019					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Gold Loan	350,156.43	-	-	-	-	350,156.43
ii) Corporate Loan	435.19	-	-	-	-	435.19
iii) Personal and corporate Loan	789.41	-	-	-	-	789.41
iv) Personal Loan	2,909.68	-	-	-	-	2,909.68
v) Staff Loan	43.77	-	-	-	-	43.77
vi) Cheque and invoice discounting	-	-	-	-	-	-
vii) Housing Loan	17,369.03	-	-	-	-	17,369.03
viii) Project finance Loan	50.20	-	-	-	-	50.20
ix) Mortgage Loan	423.22	-	-	-	-	423.22
x) Pledge Loan	193.39	-	-	-	-	193.39
xi) Business Loan	55.60	-	-	-	-	55.60
xii) Vehicle Loan	3,103.81	-	-	-	-	3,103.81
xiii) Micro finance Loan	15,840.66	1,239.27	-	-	1,239.27	17,079.93
xiv) Non-Housing Loan	1,598.91	-	-	-	-	1,598.91
xv) Other Loans	186.68	-	-	-	-	186.68
Total (A) - Gross	**393,155.98**	**1,239.27**	**-**	**-**	**1,239.27**	**394,395.25**
Less : Impairment loss allowance	7,130.99	38.99	-	-	38.99	7,169.98
Total (A) - Net	**386,024.99**	**1,200.28**	**-**	**-**	**1,200.28**	**387,225.27**
(B)						
I) Secured by tangible assets						
i) Gold Loan	350,156.43	-	-	-	-	350,156.43
ii) Corporate Loan	435.19	-	-	-	-	435.19
iii) Housing Loan	17,369.03	-	-	-	-	17,369.03
iv) Non-Housing Loan	1,598.91	-	-	-	-	1,598.91
v) Mortgage Loan	423.22	-	-	-	-	423.22
vi) Vehicle Loan	3,103.81	-	-	-	-	3,103.81
vii) Pledge Loan	193.39	-	-	-	-	193.39
viii) Business Loan	55.60	-	-	-	-	55.60
ix) Other Loans	16.75	-	-	-	-	16.75
Total (I) - Gross	**373,352.33**	**-**	**-**	**-**	**-**	**373,352.33**
Less : Impairment loss allowance	6,469.40	-	-	-	-	6,469.40
Total (I) - Net	**366,882.93**	**-**	**-**	**-**	**-**	**366,882.93**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2019					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
II) Covered by Bank / Government Guarantees						
III) Unsecured						
i) Personal and corporate Loan	789.41	-	-	-	-	789.41
ii) Personal Loan	2,909.68	-	-	-	-	2,909.68
iii) Staff Loan	43.77	-	-	-	-	43.77
iv) Cheque and invoice discounting	-	-	-	-	-	-
v) Project finance Loan	50.20	-	-	-	-	50.20
vi) Micro finance Loan	15,840.66	1,239.27	-	-	1,239.27	17,079.93
vii) Other Loans	169.93	-	-	-	-	169.93
Total (III) - Gross	**19,803.65**	**1,239.27**	**-**	**-**	**1,239.27**	**21,042.92**
Less : Impairment loss allowance	661.59	38.99	-	-	38.99	700.58
Total (III) - Net	**19,142.07**	**1,200.28**	**-**	**-**	**1,200.28**	**20,342.34**
Total (I+II+III) - Net	**386,025.00**	**1,200.28**	**-**	**-**	**1,200.28**	**387,225.27**
(C) (I) Loans in India						
i) Public Sector						
ii) Others	388,181.69	1,239.27	-	-	1,239.27	389,420.96
(C) (II) Loans outside India						
i) Public Sector	-	-	-	-	-	-
ii) Others	4,974.29	-	-	-	-	4,974.29
Total (C) - Gross	**393,155.98**	**1,239.27**	**-**	**-**	**1,239.27**	**394,395.25**
Less: Impairment Loss Allowance (C)	7,130.99	38.99	-	-	38.99	7,169.98
Total (C)- Net	**386,024.99**	**1,200.28**	**-**	**-**	**1,200.28**	**387,225.27**

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Gold Loan	298,961.19	-	-	-	-	298,961.19
ii) Corporate Loan	-	-	-	-	-	-
iii) Personal and corporate Loan	1,014.44	-	-	-	-	1,014.44
iv) Personal Loan	627.31	-	-	-	-	627.31
v) Staff Loan	46.80	-	-	-	-	46.80
vi) Cheque and invoice discounting	7.11	-	-	-	-	7.11
vii) Housing Loan	13,668.98	-	-	-	-	13,668.98
viii) Project finance Loan	62.08	-	-	-	-	62.08
ix) Mortgage Loan	172.88	-	-	-	-	172.88
x) Pledge Loan	162.00	-	-	-	-	162.00
xi) Business Loan	5.23	-	-	-	-	5.23
xii) Vehicle Loan	994.66	-	-	-	-	994.66
xiii) Micro finance Loan	11,636.73	520.12	-	-	520.12	12,156.85
xiv) Non-Housing Loan	849.44	-	-	-	-	849.44
xv) Other Loans	319.43	-	-	-	-	319.43
Total (A) - Gross	**328,528.28**	**520.12**	**-**	**-**	**520.12**	**329,048.40**
Less : Impairment loss allowance	6,518.93	6.52	-	-	6.52	6,525.45
Total (A) - Net	**322,009.35**	**513.60**	**-**	**-**	**513.60**	**322,522.95**
(B)						
I) Secured by tangible assets						
i) Gold Loan	298,961.19	-	-	-	-	298,961.19
ii) Corporate Loan	-	-	-	-	-	-
iii) Housing Loan	13,668.98	-	-	-	-	13,668.98
iv) Non-Housing Loan	849.44	-	-	-	-	849.44
v) Mortgage Loan	172.88	-	-	-	-	172.88
vi) Vehicle Loan	994.66	-	-	-	-	994.66
vii) Pledge Loan	162.00	-	-	-	-	162.00
viii) Business Loan	5.23	-	-	-	-	5.23
ix) Other Loans	17.04	-	-	-	-	17.04
Total (I) - Gross	**314,831.42**	**-**	**-**	**-**	**-**	**314,831.42**
Less : Impairment loss allowance	6,038.63	-	-	-	-	6,038.63
Total (I) - Net	**308,792.79**	**-**	**-**	**-**	**-**	**308,792.79**

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
II) Covered by Bank / Government Guarantees						
III) Unsecured						
i) Personal and corporate Loan	1,014.44	-	-	-	-	1,014.44
ii) Personal Loan	627.31	-	-	-	-	627.31
iii) Staff Loan	46.80	-	-	-	-	46.80
iv) Cheque and invoice discounting	7.11	-	-	-	-	7.11
v) Project finance Loan	62.08	-	-	-	-	62.08
vi) Micro finance Loan	11,636.73	520.12	-	-	520.12	12,156.85
vii) Other Loans	302.39	-	-	-	-	302.39
Total (III) - Gross	**13,696.86**	**520.12**	**-**	**-**	**520.12**	**14,216.98**
Less : Impairment loss allowance	480.30	6.52	-	-	6.52	486.82
Total (III) - Net	**13,216.56**	**513.60**	**-**	**-**	**513.60**	**13,730.16**
Total (I+II+III) - Net	**322,009.35**	**513.60**	**-**	**-**	**513.60**	**322,522.95**
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	324,310.85	520.12	-	-	520.12	324,830.97
(C) (II) Loans outside India						
i) Public Sector	-	-	-	-	-	-
ii) Others	4,217.43	-	-	-	-	4,217.43
Total (C) - Gross	**328,528.28**	**520.12**	**-**	**-**	**520.12**	**329,048.40**
Less: Impairment Loss Allowance (C)	6,518.93	6.52	-	-	6.52	6,525.45
Total (C)- Net	**322,009.35**	**513.60**	**-**	**-**	**513.60**	**322,522.95**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Gold Loan	284,794.79	-	-	-	-	284,794.79
ii) Corporate Loan	-	-	-	-	-	-
iii) Personal and corporate Loan	981.29	-	-	-	-	981.29
iv) Personal Loan	473.97	-	-	-	-	473.97
v) Staff Loan	46.70	-	-	-	-	46.70
vi) Cheque and invoice discounting	46.32	-	-	-	-	46.32
vii) Housing Loan	4,368.65	-	-	-	-	4,368.65
viii) Project finance Loan	32.45	-	-	-	-	32.45
ix) Mortgage Loan	187.99	-	-	-	-	187.99
x) Pledge Loan	152.58	-	-	-	-	152.58
xi) Business Loan	-	-	-	-	-	-
xii) Vehicle Loan	659.48	-	-	-	-	659.48
xiii) Micro finance Loan	6,381.59	-	-	-	-	6,381.59
xiv) Non-Housing Loan	-	-	-	-	-	-
xv) Other Loans	350.85	-	-	-	-	350.85
Total (A) - Gross	**298,476.66**	**-**	**-**	**-**	**-**	**298,476.66**
Less : Impairment loss allowance	5,524.32	-	-	-	-	5,524.32
Total (A) - Net	**292,952.34**	**-**	**-**	**-**	**-**	**292,952.34**
(B)						
I) Secured by tangible assets						
i) Gold Loan	284,794.79	-	-	-	-	284,794.79
ii) Corporate Loan	-	-	-	-	-	-
iii) Housing Loan	4,368.65	-	-	-	-	4,368.65
iv) Non-Housing Loan	-	-	-	-	-	-
v) Mortgage Loan	187.99	-	-	-	-	187.99
vi) Vehicle Loan	659.48	-	-	-	-	659.48
vii) Pledge Loan	152.58	-	-	-	-	152.58
viii) Business Loan	-	-	-	-	-	-
ix) Other Loans	38.37	-	-	-	-	38.37
Total (I) - Gross	**290,201.86**	**-**	**-**	**-**	**-**	**290,201.86**
Less : Impairment loss allowance	5,167.49	-	-	-	-	5,167.49
Total (I) - Net	**285,034.37**	**-**	**-**	**-**	**-**	**285,034.37**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
II) Covered by Bank / Government Guarantees						
III) Unsecured						
i) Personal and corporate Loan	981.29	-	-	-	-	981.29
ii) Personal Loan	473.97	-	-	-	-	473.97
iii) Staff Loan	46.70	-	-	-	-	46.70
iv) Cheque and invoice discounting	46.32	-	-	-	-	46.32
v) Project finance Loan	32.45	-	-	-	-	32.45
vi) Micro finance Loan	6,381.59	-	-	-	-	6,381.59
vii) Other Loans	312.48	-	-	-	-	312.48
Total (III) - Gross	**8,274.80**	**-**	**-**	**-**	**-**	**8,274.80**
Less : Impairment loss allowance	356.83	-	-	-	-	356.83
Total (III) - Net	**7,917.97**	**-**	**-**	**-**	**-**	**7,917.97**
Total (I+II+III) - Net	**292,952.34**	**-**	**-**	**-**	**-**	**292,952.34**
(C) (I) Loans in India						
i) Public Sector ii) Others	294,784.26	-	-	-	-	294,784.26
(C) (II) Loans outside India						
i) Public Sector	-	-	-	-	-	-
ii) Others	3,692.40	-	-	-	-	3,692.40
Total (C) - Gross	**298,476.66**	**-**	**-**	**-**	**-**	**298,476.66**
Less: Impairment Loss Allowance (C)	5,524.32	-	-	-	-	5,524.32
Total (C)- Net	**292,952.34**	**-**	**-**	**-**	**-**	**292,952.34**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

7.1 Disclosures on Credit quality and analysis of ECL allowance of the company and its subsidiaries incorporated in India

7.1.1 Muthoot Finance Limited

Credit Quality of Loan Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Internal rating grade												
Performing												
High grade	328,922.65	-	-	328,922.65	277,480.42	-	-	277,480.42	249,063.94	-	-	249,063.94
Standard grade	8,696.44	-	-	8,696.44	3,254.56	-	-	3,254.56	19,955.42	-	-	19,955.42
Sub-standard grade	-	5,697.24	-	5,697.24	-	4,260.41	-	4,260.41	-	5,001.87	-	5,001.87
Past due but not impaired	-	3,218.29	-	3,218.29	-	3,449.63	-	3,449.63	-	3,380.57	-	3,380.57
Non- performing												
Individually impaired	-	-	9,326.00	9,326.00	-	-	12,871.59	12,871.59	-	-	7,612.23	7,612.23
Total	**337,619.09**	**8,915.53**	**9,326.00**	**355,860.62**	**280,734.98**	**7,710.04**	**12,871.59**	**301,316.61**	**269,019.36**	**8,382.44**	**7,612.23**	**285,014.03**
EIR impact of Service charges received	-	-	-	(172.21)	-	-	-	(157.29)	-	-	-	(100.75)
Gross carrying amount closing balance net of EIR impact of service charge received	-	-	-	**355,688.41**	-	-	-	**301,159.32**	-	-	-	**284,913.28**

(Rupees in millions, except for share data and unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount opening balance	280,734.98	7,710.04	12,871.59	301,316.62	269,019.36	8,382.44	7,612.23	285,014.03
New assets originated or purchased	325,874.13	-	-	325,874.13	287,629.18	-	-	287,629.18
Assets derecognised or repaid (excluding write offs)	(251,770.54)	(7,538.41)	(11,762.23)	(271,071.18)	(256,387.77)	(8,167.39)	(6,455.02)	(271,010.18)
Transfers to Stage 1	0.33	(0.33)	-	-	1.65	(0.77)	(0.88)	-
Transfers to Stage 2	(8,915.82)	8,915.82	-	-	(7,709.07)	7,709.45	(0.38)	-
Transfers to Stage 3	(8,303.99)	(171.59)	8,475.58	-	(11,818.37)	(213.69)	12,032.06	-
Amounts written off	-	-	(258.94)	(258.94)	-	-	(316.42)	(316.42)
Gross carrying amount closing balance	**337,619.09**	**8,915.53**	**9,326.00**	**355,860.62**	**280,734.98**	**7,710.04**	**12,871.59**	**301,316.61**
EIR impact of Service charges received	-	-	-	(172.21)	-	-	-	(157.29)
Gross carrying amount closing balance net of EIR impact of service charge received	-	-	-	**355,688.41**	-	-	-	**301,159.32**

Reconciliation of ECL balance is given below:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance - opening balance	4,077.93	112.39	1,900.97	6,091.29	3,924.78	122.10	1,231.92	5,278.80
New assets originated or purchased	4,786.96	-	-	4,786.96	4,174.71	-	-	4,174.71
Assets derecognised or repaid (excluding write offs)	(3,679.80)	(109.81)	(1,474.34)	(5,263.95)	(3,737.03)	(118.98)	(613.62)	(4,469.63)
Transfers to Stage 1	0.01	(0.01)	-	-	0.02	(0.01)	(0.01)	-
Transfers to Stage 2	(130.52)	130.52	-	-	(112.38)	112.39	(0.01)	-
Transfers to Stage 3	(121.01)	(2.54)	123.55	-	(172.17)	(3.11)	175.28	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	1,003.73	1,003.73	-	-	1,423.83	1,423.83
Amounts written off	-	-	(258.94)	(258.94)	-	-	(316.42)	(316.42)
ECL allowance - closing balance	**4,933.57**	**130.55**	**1,294.97**	**6,359.09**	**4,077.93**	**112.39**	**1,900.97**	**6,091.29**

(Rupees in millions, except for share data and unless otherwise stated)

7.1.2 Muthoot Money Private Limited

Credit Quality of Loan Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the MMPL internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Internal rating grade												
Performing												
High grade	3,066.90	-	-	3,066.90	64.80	-	-	64.80	71.64	-	-	71.64
Standard grade	56.69	-	-	56.69	-	-	-	-	-	-	-	-
Sub-standard grade	-	0.85	-	0.85	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-	-	-	-	-
Non- performing												
Individually impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total	**3,123.59**	**0.85**	**-**	**3,124.44**	**64.80**	**-**	**-**	**64.80**	**71.64**	**-**	**-**	**71.64**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount opening balance	64.79	-	-	64.79	71.64	-	-	71.64
New assets originated or purchased	3,436.50	-	-	3,436.50	282.92	-	-	282.92
Assets derecognised or repaid (excluding write offs)	(376.86)	-	-	(376.86)	(289.77)	-	-	(289.77)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(0.85)	0.85	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**3,123.58**	**0.85**	**-**	**3,124.43**	**64.79**	**-**	**-**	**64.79**

Reconciliation of ECL balance is given below:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance - opening balance	0.25	-	-	0.25	0.25	-	-	0.25
New assets originated or purchased	14.54	-	-	14.54	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(0.55)	0.55	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**14.24**	**0.55**	**-**	**14.79**	**0.25**	**-**	**-**	**0.25**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

7.1.3 Belstar Investment and Finance Private Limited

Receivables under financing activities
Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on BIFPL internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Internal rating grade												
Performing												
High grade	16,336.00	-	-	16,336.00	11,274.31	-	-	11,274.31	4,191.00	-	-	4,191.00
Standard grade	35.21	-	-	35.21	34.48	-	-	34.48	1,424.16	-	-	1,424.16
Sub-standard grade	-	42.62	-	42.62	-	60.53	-	60.52	-	20.90	-	20.90
Past due but not impaired	-	26.74	-	26.74	-	13.78	-	13.78	-	16.54	-	16.54
Non - performing	-	-	-	-	-	-	-	-	-	-	-	-
Individually impaired	-	-	211.08	211.08	-	-	99.62	99.62	-	-	31.87	31.87
Total	**16,371.21**	**69.36**	**211.08**	**16,651.65**	**11,308.79**	**74.31**	**99.62**	**11,482.71**	**5,615.16**	**37.44**	**31.87**	**5,684.47**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount opening balance	11,308.79	74.31	99.62	11,482.72	5,615.16	37.44	31.87	5,684.47
New assets originated or purchased	13,582.61	-	-	13,582.61	9,936.69	-	-	9,936.69
Assets derecognised or repaid (excluding write offs)	(8,213.44)	(78.78)	(66.10)	(8,358.33)	(4,051.02)	(9.62)	(24.41)	(4,085.04)
Transfers to Stage 1	15.54	(14.97)	(0.57)	-	2.44	(2.32)	(0.12)	-
Transfers to Stage 2	(112.18)	112.30	(0.12)	-	(80.43)	80.56	(0.13)	-
Transfers to Stage 3	(210.11)	(23.50)	233.61	-	(114.06)	(31.76)	145.82	-
Amounts written off	-	-	(55.36)	(55.36)	-	-	(53.40)	(53.40)
Gross carrying amount closing balance	**16,371.21**	**69.36**	**211.08**	**16,651.64**	**11,308.79**	**74.30**	**99.63**	**11,482.72**

Reconciliation of ECL balance is given below:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance - opening balance	46.55	0.24	93.04	139.82	26.53	0.31	31.87	58.71
New assets originated or purchased	219.10	-	-	219.10	161.29	-	-	161.29
Assets derecognised or repaid (excluding write offs)	(28.94)	(0.28)	(10.35)	(39.57)	(17.91)	(0.14)	(8.72)	(26.77)
Transfers to Stage 1	0.58	(0.05)	(0.53)	-	1.66	(0.14)	(1.52)	-
Transfers to Stage 2	(0.33)	0.45	(0.11)	-	(0.19)	0.21	(0.03)	-
Transfers to Stage 3	(160.95)	0.09	160.87	-	(124.83)	(0.01)	124.84	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-
Amounts written off	-	-	(55.36)	(55.36)	-	-	(53.40)	(53.40)
ECL allowance - closing balance	**76.01**	**0.45**	**187.56**	**263.99**	**46.55**	**0.23**	**93.04**	**139.83**

ECL provision is not created on staff loan as there is no credit risk. Any amount due if not paid is deducted from salary.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

7.2 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has sold some loans and advances measured at fair value through other comprehensive income, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets as in BIFPL:

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Carrying amount of derecognised financial assets	2,148.30	-	-
Gain/(loss) from derecognition	118.51	-	3.45

Transferred financial assets that are not derecognised in their entirety
BIFPL uses securitisations as a source of finance and a means of risk transfer. BIFPL securitised its microfinance loans to different entities. These entities are not related to the BIFPL. Also, BIFPL neither holds any equity or other interest nor control them.

As per the terms of the agreement, BIFPL is exposed to first loss amounting to 5% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings.

Particulars	As at31 Mar 2019	As at31 Mar 2018	As at1 Apr 2017
Carrying amount of assets re - recognised due to non transfer of assets	3,964.41	709.88	-
Carrying amount of associated liabilities	3,617.76	669.98	-

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Interest in unconsolidated structured entity:
These are entities which are not consolidated because BIFPL does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that BIFPL does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Company
Securitisation Vehicle for loans	To generate - funding for BIFPL lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Credit Enhancement provided by BIFPL - Excess interest spread

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Aggregate value of accounts sold to securitisation company	4,916.19	980.08	-
Aggregate consideration	4,349.22	847.23	-
Quantum of credit enhancement in the form of deposits	284.23	40.79	-
Servicing fees	4.50	1.50	-

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 8: Investments

Particulars	As at March 31, 2019					
	Amortised Cost	At Fair value			Sub-total	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
i) Mutual funds	-	-	124.41	-	124.41	**124.41**
ii) Government securities	50.94	-	-	-	-	**50.94**
iii) Debt securities	714.92	-	-	-	-	**714.92**
iv) Equity instruments	-	947.17	0.04	-	947.21	**947.21**
v) Others						
Investment in reverse re-purchase against treasury bills and bonds	273.78	-	-	-	-	**273.78**
Investment in commercial paper	-	-	-	-	-	**-**
Total Gross (A)	**1,039.64**	**947.17**	**124.45**	**-**	**1,071.62**	**2,111.26**
i) Overseas investments	273.78	-	**	-	**	**273.78**
ii) Investments in India	765.86	947.17	124.45	-	1,071.62	**1,837.48**
Total Gross (B)	**1,039.64**	**947.17**	**124.45**	**-**	**1,071.62**	**2,111.26**
Less : Allowance for impairment loss (C)	-	-	-	-	-	**-**
Total - Net D = (A) - (C)	**1,039.64**	**947.17**	**124.45**	**-**	**1,071.62**	**2,111.26**

**Represents amount less than Rs. 10,000

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
i) Mutual funds	-	-	1,151.34	-	1,151.34	**1,151.34**
ii) Government securities	61.13	-	-	-	-	**61.13**
iii) Debt securities	50.00	-	-	-	-	**50.00**
iv) Equity instruments	-	163.50	0.13	-	163.63	**163.63**
v) Others						
Investment in reverse re-purchase against treasury bills and bonds	260.01	-	-	-	-	**260.01**
Investment in commercial paper	86.50	-	-	-	-	**86.50**
Total Gross (A)	**457.64**	**163.50**	**1,151.47**	**-**	**1,314.97**	**1,772.61**
i) Overseas investments	346.51	0.21	0.09	-	0.30	**346.81**
ii) Investments in India	111.13	163.29	1,151.38	-	1,314.67	**1,425.80**
Total Gross (B)	**457.64**	**163.50**	**1,151.47**	**-**	**1,314.97**	**1,772.61**
Less : Allowance for impairment loss (C)	0.03	-	-	-	-	**0.03**
Total - Net D = (A) - (C)	**457.61**	**163.50**	**1,151.47**	**-**	**1,314.97**	**1,772.58**

Muthoot Finance Limited
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(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017					
	Amortised Cost	At Fair value			Sub-total	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
i) Mutual funds	-	-	600.16	-	600.16	**600.16**
ii) Government securities	61.18	-	-	-	-	**61.18**
iii) Debt securities	72.29	-	-	-	-	**72.29**
iv) Equity instruments	-	133.79	0.16	-	133.95	**133.95**
v) Others						
Investment in reverse re-purchase against treasury bills and bonds	184.69	-	-	-	-	**184.69**
Investment in commercial paper	-	-	-	-	-	-
Total Gross (A)	**318.16**	**133.79**	**600.32**	**-**	**734.11**	**1,052.27**
i) Overseas investments	184.69	0.22	0.09	-	0.31	**185.00**
ii) Investments in India	133.47	133.57	600.23	-	733.80	**867.27**
Total Gross (B)	**318.16**	**133.79**	**600.32**	**-**	**734.11**	**1,052.27**
Less : Allowance for impairment loss (C)	0.02	-	-	-	-	**0.02**
Total - Net D = (A) - (C)	**318.14**	**133.79**	**600.32**	**-**	**734.11**	**1,052.25**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
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Mutual funds

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units*	Amount	Units*	Amount	Units*	Amount
SBI Magnum Balanced Fund - Regular Plan - Growth	-	-	409,760	50.32	-	-
DSP BlackRock Equity & Bond Fund - Regular Plan - Growth	-	-	351,045	50.00	-	-
DSP BlackRock Equity Fund - Regular Plan - Growth	-	-	1,366,755	50.00	-	-
HDFC Balanced Fund - Regular Plan - Growth	-	-	342,926	50.00	-	-
HDFC Equity Fund - Regular Plan - Growth	77,491	52.79	84,521	50.00	-	-
HDFC Liquid Fund - Regular Plan - Growth	10,465	38.31	-	-	-	-
Kotak Standard Multicap Fund - Growth (Regular Plan)	938,945	33.31	-	-	-	-
Tata Equity P/E Fund Regular Plan - Growth	-	-	372,279	49.99	-	-
IDFC Cash Fund - Growth - Regular	-	-	47,610	100.15	-	-
Mahindra Liquid Fund - Regular - Growth - Regular	-	-	133,810	150.08	-	-
Mirae Asset Cash Management Fund - Regular Growth Plan- Regular	-	-	55,168	100.06	-	-
Reliance Liquid Fund - Treasury Plan - Growth	-	-	47,440	200.30	-	-
SBI Premier Liquid Fund - Regular Plan - Growth	-	-	55,329	150.25	-	-
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth	-	-	77,433	150.19	-	-
HDFC Liquid Fund- Regular Plan-Daily dividend	-	-	-	-	294,275	300.10
ICICI Prudential Money Market Fund-Daily Dividend	-	-	-	-	1,997,792	200.04
Kotak Liquid Fund-Regular Plan-Daily Dividend	-	-	-	-	81,794	100.02
Total		**124.41**		**1,151.34**		**600.16**

Government securities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units*	Amount	Units*	Amount	Units*	Amount
Gujarat State Development Loan	150,000	15.18	150,000	15.18	150,000	15.19
Kerala State Development Loan	200,000	20.36	200,000	20.36	200,000	20.37
Karnataka State Development Loan	50,000	5.12	50,000	5.12	50,000	5.13
Tamilnadu State Development Loan	100,000	10.28	100,000	10.26	100,000	10.27
Punjab State Development Loan	-	-	100,000	10.21	100,000	10.22
Total		**50.94**		**61.13**		**61.18**

*The number of units are in whole numbers

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Debt securities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units*	Amount	Units*	Amount	Units*	Amount
ECL Investment Private Limited - debenture - Quoted	606,000	644.92	-	-	-	-
NCD - Srei Equipment Finance	20,000	20.00	-	-	-	-
Citizen Development Investment Finance, PLC	-	-	-	-	499,990	22.29
Yes Bank- Investment in perpetual subordinated bond	50	50.00	50	50.00	50	50.00
Total		**714.92**		**50.00**		**72.29**

Equity instruments

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units*	Amount	Units*	Amount	Units*	Amount
Quoted						
Union Bank of India	454	0.04	454	0.04	454	0.07
Commercial Bank of Ceylon PLC (Voting)	-	-	710	0.04	702	0.04
Chilaw Finance PLC	-	-	-	-	50	**
Abans Finance PLC	-	-	50	0.00	50	**
Alliance Finance Company PLC	-	-	666	0.02	666	0.02
Associated Motor Finance Company PLC	-	-	50	0.01	50	0.01
Arpico Finance Company PLC	-	-	50	**	50	**
Bimputh Finance PLC	-	-	100	**	100	**
Colombo Trust Finance PLC	-	-	50	**	50	**
Citizens Development Business Finance PLC	-	-	50	**	50	**
Central Finance Company PLC	-	-	103	**	103	**
Central Investments and Finance PLC	50	**	50	**	50	**
Commercial Leasing and Finance PLC	-	-	50	**	50	**
Commercial Credit and Finance PLC	-	-	50	**	50	**
Softlogic Finance PLC	-	-	50	**	50	**
Nation Lanka Finance PLC	-	-	50	**	50	**
Summit Finance PLC	-	-	50	**	50	**
LB Finance PLC	-	-	100	**	100	0.01
Lanka Orix Leasing Company PLC	-	-	50	**	50	**
Merchant Bank of Sri Lanka & Finance PLC	-	-	50	**	50	**
Multi Finance PLC	-	-	50	**	50	**
Peoples Leasing Company PLC	-	-	50	**	50	**
People's Merchant Finance PLC	-	-	50	**	50	**
Singer Finance Lanka PLC	-	-	50	**	50	**
Sinhaputhra Finance PLC	-	-	50	**	50	**
Swarnamahal Finance PLC	50	**	50	**	50	**
The Finance Company PLC	-	-	50	**	50	**
Vallibel Finance PLC	-	-	50	**	50	**
Subtotal		**0.04**		**0.13**		**0.16**
Unquoted						
Muthoot Forex Limited	1,970,000	111.58	1,970,000	103.30	1,970,000	90.40
Muthoot Securities Limited	2,700,000	85.59	2,700,000	59.99	2,700,000	43.17
ESAF Small Finance Bank Limited	18,717,244	750.00	-	-	-	-
Finance Houses Consortium Private Limited	-	-	45,000	0.08	45,000	0.09
Credit Information Bureau of SL (CRIB)	-	-	67	0.13	67	0.13
Subtotal		**947.17**		**163.50**		**133.79**
Total		**947.21**		**163.63**		**133.95**

*The number of units are in whole numbers
**Represents amount less than Rs. 10,000

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 9: Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Security deposits	919.76	881.74	901.53
Interest accrued on fixed deposits with banks	97.22	68.16	49.73
Interest only strip	118.51	-	3.34
Servicing asset	-	-	0.12
Collection receivable	138.31	-	-
Overcollateralisation on direct assignment	216.81	3.27	8.94
Other financial assets	305.24	359.96	405.44
Total	**1,795.85**	**1,313.13**	**1,369.10**

Note 10: Investment property

Particulars	As at March 31, 2019	As at March 31, 2018
Gross carrying amount		
Opening gross carrying amount	148.18	130.53
Addition during the year	11.42	27.85
Asset transferred to Investment property	10.37	-
Expense capitalised during the year	1.72	-
Disposals during the year	(6.66)	(7.36)
Exchange differences	(8.06)	(2.84)
Closing gross carrying amount	**156.97**	**148.18**

The fair value of investment property is Rs. 228.31 millions (31 March 2018: Rs. 204.70 millions) as determined by an external independent property valuer having appropriate recognised professional qualifications.

Muthoot Finance Limited

Notes to the consolidated financial statements for the year ended March 31, 2019

(Rupees in millions, except for share data and unless otherwise stated)

Note 11: Property, plant and equipment

	Land	Leasehold improvements	Buildings	Furniture and Fixtures	Plant and Equipment	Office Equipment	Computer	Vehicles	Wind Mill	Total	Capital-work-in progress
Gross block - at cost											
Deemed cost as at April 01, 2017	546.70	8.69	502.00	276.30	599.55	30.83	106.38	38.07	23.35	**2,131.87**	99.78
Additions	-	9.92	74.69	51.28	115.39	10.64	85.89	38.45	-	**386.26**	16.63
Disposals / transfer	-	-	(6.09)	(0.61)	(4.36)	(0.01)	(0.51)	(3.05)	-	**(14.63)**	(59.04)
Exchange differences	-	-	(0.11)	(0.09)	(0.19)	(0.59)	(0.19)	(0.35)	-	**(1.52)**	-
As at March 31, 2018	**546.70**	**18.61**	**570.49**	**326.88**	**710.39**	**40.87**	**191.57**	**73.12**	**23.35**	**2,501.98**	**57.37**
Acquisition of a subsidiary (Note 49)	-	-	-	4.22	-	-	2.13	-	-	**6.35**	-
Additions	-	30.93	-	80.55	157.83	41.20	144.97	17.97	-	**473.45**	170.93
Disposals / transfer	-	(0.47)	-	(0.56)	(8.24)	(0.14)	(0.08)	(5.19)	-	**(14.68)**	-
Exchange differences	-	-	(0.03)	(0.28)	(0.47)	(2.02)	(0.65)	(1.18)	-	**(4.63)**	-
As at March 31, 2019	**546.70**	**49.07**	**570.46**	**410.81**	**859.51**	**79.91**	**337.94**	**84.72**	**23.35**	**2,962.47**	**228.30**
Accumulated depreciation											
Opening	-	-	-	-	-	-	-	-	-	**-**	-
Charge for the year	-	2.99	54.57	93.74	196.87	10.28	78.24	17.46	1.93	**456.08**	-
Disposals / transfer	-	-	-	-	-	-	-	-	-	**-**	-
Exchange differences	-	-	-	(0.02)	(0.01)	(0.04)	(0.01)	(0.04)	-	**(0.12)**	-
As at March 31, 2018	**-**	**2.99**	**54.57**	**93.72**	**196.86**	**10.24**	**78.23**	**17.42**	**1.93**	**455.96**	**-**
Charge for the year	-	7.27	51.24	85.30	178.74	16.57	98.44	20.02	1.77	**459.35**	-
Disposals / transfer	-	(0.19)	-	(0.15)	(2.08)	(0.10)	(0.03)	(4.81)	-	**(7.36)**	-
Exchange differences	-	-	(0.04)	(0.09)	(0.31)	(0.34)	(0.17)	(0.35)	-	**(1.30)**	-
As at March 31, 2019	**-**	**10.07**	**105.77**	**178.78**	**373.21**	**26.37**	**176.47**	**32.28**	**3.70**	**906.65**	**-**
Net Block											
As at April 01, 2017	**546.70**	**8.69**	**502.00**	**276.30**	**599.55**	**30.83**	**106.38**	**38.07**	**23.35**	**2,131.87**	**99.78**
As at March 31, 2018	**546.70**	**15.62**	**515.92**	**233.16**	**513.52**	**30.63**	**113.35**	**55.70**	**21.42**	**2,046.02**	**57.37**
As at March 31, 2019	**546.70**	**39.00**	**464.69**	**232.03**	**486.30**	**53.54**	**161.47**	**52.44**	**19.65**	**2,055.82**	**228.30**

Muthoot Finance Limited

Notes to the consolidated financial statements for the year ended March 31, 2019

(Rupees in millions, except for share data and unless otherwise stated)

Note 12: Other Intangible Assets

	Computer software	Total
Gross block - at cost		
Deemed cost as at April 01, 2017	**99.92**	**99.92**
Additions	71.35	71.35
Exchange differences	(0.10)	(0.10)
As at March 31, 2018	**171.17**	**171.17**
Acquisition of a subsidiary (Note 49)	1.05	1.05
Additions	28.59	28.59
Exchange differences	(0.31)	(0.31)
As at March 31, 2019	**200.50**	**200.50**
Accumulated amortisation		
Charge for the year	63.18	63.18
Exchange differences	(0.01)	(0.01)
As at March 31, 2018	**63.17**	**63.17**
Charge for the year	57.58	57.58
Exchange differences	(0.10)	(0.10)
As at March 31, 2019	**120.65**	**120.65**
Net Block		
As at April 01, 2017	**99.92**	**99.92**
As at March 31, 2018	**108.00**	**108.00**
As at March 31, 2019	**79.85**	**79.85**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 13: Other Non-financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with government authorities	170.63	165.67	8.95
Prepaid expenses	132.45	139.06	75.97
Capital advances	123.89	27.84	79.04
Advance to supplier	67.94	-	-
Stock of gold	6.71	6.10	6.10
Balances receivable from government authorities	162.25	152.56	5.57
Advance to Gratuity Fund (Net)	-	55.62	-
Vehicle stock	7.98	-	-
Insurance claim receivable	6.37	8.27	-
Other Receivable	75.21	54.21	10.22
Total	**753.43**	**609.33**	**185.85**

Note 14: Payables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,664.05	1,260.12	1,109.00
Total	**1,664.05**	**1,260.12**	**1,109.00**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 15: Debt Securities

Particulars	As at March 31, 2019			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
Secured Non-Convertible Debentures* *Refer note 15.1& 15.2* (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	6,168.93	-	-	6,168.93
Secured Non-Convertible Debentures -Listed ** *Refer note 15.3 & 15.4* (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances)	74,631.92	-	-	74,631.92
Unsecured Non-Convertible Debentures -Listed *Refer note 15.5*	1,348.56	-	-	1,348.56
Total (A)	**82,149.41**	**-**	**-**	**82,149.41**
Debt securities in India	82,149.41	-	-	82,149.41
Debt securities outside India	-	-	-	-
Total (B)	**82,149.41**	**-**	**-**	**82,149.41**

*Excludes unpaid (unclaimed) matured debentures of Rs.113.13 millions shown as a part of Other financial liabilities in Note 19
**EIR impact of transaction cost

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured Non-Convertible Debentures* *Refer note 15.1& 15.2* (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	9,919.96	-	-	9,919.96
Secured Non-Convertible Debentures -Listed ** *Refer note 15.3 & 15.4* (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances)	43,558.77	-	-	43,558.77
Unsecured Non-Convertible Debentures -Listed *Refer note 15.5*	498.77	-	-	498.77
Total (A)	**53,977.50**	**-**	**-**	**53,977.50**
Debt securities in India	53,977.50	-	-	53,977.50
Debt securities outside India	-	-	-	-
Total (B)	**53,977.50**	**-**	**-**	**53,977.50**

*Excludes unpaid (unclaimed) matured debentures of Rs.340.31 millions shown as a part of Other financial liabilities in Note 19
**EIR impact of transaction cost

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
Secured Non-Convertible Debentures* *Refer note 15.1& 15.2* (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	24,763.06	-	-	24,763.06
Secured Non-Convertible Debentures -Listed ** *Refer note 15.3 & 15.4* (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances)	36,907.89	-	-	36,907.89
Unsecured Non-Convertible Debentures -Listed *Refer note 15.5*	-	-	-	-
Total (A)	**61,670.95**	-	-	**61,670.95**
Debt securities in India	61,670.95	-	-	61,670.95
Debt securities outside India	-	-	-	-
Total (B)	**61,670.95**	-	-	**61,670.95**

*Excludes unpaid (unclaimed) matured debentures of Rs.725.02 millions shown as a part of Other financial liabilities in Note 19
**EIR impact of transaction cost

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

15.1 Secured Redeemable Non-Convertible Debentures
MFL has privately placed Secured Redeemable Non- Convertible Debentures for a maturity period of 60-120 months with a principal amount outstanding of Rs.5,350.74 millions (March 31,2018: Rs.8,769.48 millions April 01, 2017: Rs.25,190.08 millions).

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Redemption Period from the date of allotment	Interest Rate %
CU	31.03.2014	7.50	10.00	15.00	120 months	10.50-12.50
CT	14.03.2014-31.03.2014	7.50	25.00	34.00	120 months	10.50-12.50
CS	27.02.2014-14.03.2014	17.50	44.50	47.00	120 months	10.50-12.50
CR	07.02.2014-27.02.2014	10.00	22.50	25.00	120 months	10.50-12.50
CQ	04.02.2014-07.02.2014	13.00	37.00	44.50	120 months	10.50-12.50
CP	20.01.2014-04.02.2014	58.00	84.00	84.00	120 months	10.50-12.50
CO	10.01.2014-20.01.2014	107.50	125.00	130.00	120 months	10.50-12.50
CN	03.01.2014-10.01.2014	63.50	77.50	87.50	120 months	10.50-12.50
CM	24.12.2013-03.01.2014	32.50	35.00	37.50	120 months	10.50-12.50
CL	05.12.2013-24.12.2013	11.00	34.00	41.50	120 months	10.50-12.50
CK	18.11.2013-05.12.2013	5.00	24.00	34.50	120 months	10.50-12.50
CJ	29.10.2013-18.11.2013	7.50	29.50	34.50	120 months	10.50-12.50
CI	09.10.2013-29.10.2013	25.00	37.00	39.50	120 months	10.50-12.50
CH	27.09.2013 - 09.10.2013	25.00	61.50	66.50	120 months	10.50-12.50
CG	06.09.2013 - 27.09.2013	10.00	15.50	28.00	120 months	10.50-12.50
CF	31.08.2013 - 06.09.2013	7.50	20.50	25.50	120 months	10.50-12.50
CE	12.08.2013 - 31.08.2013	23.50	26.00	36.00	120 months	10.50-12.50
CD	31.07.2013 - 10.08.2013	7.50	23.50	41.00	120 months	10.50-12.50
CC	08.07.2013 - 31.07.2013	17.50	33.00	46.00	120 months	10.50-12.50
CB	24.06.2013 - 07.07.2013	712.57	1,108.18	1,521.76	120 months	10.50-12.50
CA	18.04.2013 - 23.06.2013	1,492.66	2,216.04	2,907.82	120 months	10.50-12.50
BZ	01.03.2013 - 17.04.2013	1,231.01	1,976.54	2,835.20	120 months	10.50-12.50
BY	18.01.2013 - 28.02.2013	907.86	1,567.41	2,627.20	120 months	10.50-12.50
CZ	04.05.2016	415.00	415.00	415.00	60 months	9.25-9.50
CY	03.02.2016	-	260.00	260.00	60 months	9.50-9.75
CW	08.05.2014	9.50	49.00	60.50	60 months	10.00-12.00
CV	24.04.2014	12.50	72.00	97.00	60 months	10.00-12.00
BX	26.11.2012 - 17.01.2013	12.26	83.32	2,430.07	60 months	10.50-12.50
BW	01.10.2012 - 25.11.2012	18.92	67.22	3,141.93	60 months	11.50-12.50
BV	17.08.2012 - 30.09.2012	12.29	43.21	1,919.05	60 months	11.50-12.50
BU	01.07.2012 - 16.08.2012	6.46	27.35	2,234.01	60 months	11.50-12.50
BT	21.05.2012 - 30.06.2012	5.61	15.97	1,509.72	60 months	11.50-12.50
BS	01.05.2012 - 20.05.2012	4.70	9.36	662.88	60 months	11.50-12.50
BR	01.03.2012 - 30.04.2012	13.21	24.92	1,333.89	60 months	11.50-12.50
BQ	23.01.2012 - 29.02.2012	5.02	14.26	154.86	60 months	11.50-12.50
BP	01.12.2011 - 22.01.2012	4.46	9.23	67.27	60 months	11.50-12.50
BO	19.09.2011 – 30.11.2011	5.11	8.30	41.73	60 months	11.00-12.00
BN	01.07.2011 – 18.09.2011	4.77	9.37	25.76	60 months	11.00-12.00
BM	01.04.2011 – 30.06.2011	2.65	6.02	12.70	60 months	11.00-12.00
BL	01.01.2011 - 31.03.2011	4.08	5.27	9.05	60 months	10.00-11.50
BK	01.10.2010 - 31.12.2010	2.05	2.53	5.32	60 months	9.50-11.50
BJ	01.07.2010 – 30.09.2010	2.90	2.93	5.34	60 months	9.50-11.00
BI	01.04.2010 - 30.06.2010	0.80	0.84	1.61	60 months	9.00-10.50
BH	01.01.2010 - 31.03.2010	1.90	1.91	2.08	60 months	9.00-10.50
BG	01.10.2009 - 31.12.2009	0.78	0.89	1.45	60 months	9.50-10.50
BF	01.07.2009 - 30.09.2009	1.38	1.49	1.83	60 months	10.50
BE	01.04.2009 - 30.06.2009	0.05	0.15	0.54	60 months	10.50-11.50
BD	01.01.2009 - 31.03.2009	2.61	2.81	2.86	60 months	11.00-12.00
BC	22.09.2008 - 31.12.2008	0.29	0.35	0.38	60 months	11.00-12.00
BB	10.07.2008 - 21.09.2008	0.08	0.11	0.10	60 months	11.00-11.50
AZ	01.04.2008 - 02.07.2008	0.37	0.37	1.05	60 months	10.50-11.00
AY	01.01.2008 - 31.03.2008	0.05	0.05	0.07	60 months	10.50-11.00
AX	01.10.2007 - 31.12.2007	0.12	0.12	0.11	60 months	10.50-11.00
AW	01.07.2007 - 30.09.2007	0.21	0.29	0.29	60 months	10.50-11.00
AV	01.04.2007 - 30.06.2007	0.01	0.12	0.12	60 months	10.50-11.00
AE	15.07.2004 - 30.09.2004	-	0.03	0.03	90 months	10.83-12.00
AU	01.01.2007 - 31.03.2007	-	1.24	1.24	60 months	9.00-11.00
AT	13.08.2006 - 31.12.2006	-	0.13	0.20	60 months	9.00-9.50
AS	01.05.2006 - 12.08.2006	-	0.15	0.19	60 months	8.50-9.00
AR	15.06.2005 - 30.04.2006	-	-	0.11	60 months	8.00-8.50
AQ	01.04.2005 - 14.06.2005	-	-	0.03	60 months	8.00-8.50
AP	07.02.2005 - 14.06.2005	-	-	0.03	60 months	9.27-10.08
AO	07.02.2005 - 31.03.2005	-	-	0.04	60 months	8.00-8.50
AN	01.01.2005 - 06.02.2005	-	-	0.15	60 months	8.50-9.00
AI	01.10.2004 - 06.02.2005	-	-	0.01	60 months	10.20-12.00
	Sub Total	**5,350.74**	**8,769.48**	**25,190.08**		
	Less: Unpaid/(Unclaimed) matured debentures shown as a part of Other financial liabilities	113.13	340.31	725.02		
	Total	**5,237.61**	**8,429.17**	**24,465.06**		

(Rupees in millions, except for share data and unless otherwise stated)

15.2 Secured Reedemable Non-Convertible Debentures

Belstar Invesment and Finance Private Limited privately placed Rated Secured Reedemable Non-Convertible Debentures with an outstanding amount of Rs. 931,33 millions (March 31,2018: Rs. 1490.79 millions April 01, 2017: Rs.298.00 millions)

Series	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Date of redemption	Interest rate %
1	12% Senior, Secured, Redeemable, Rated, Unlisted, Taxable, Non-Convertible Debentures	133.03	95.69	298.00	30-Mar-20	12.00
2	11.4% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	548.29	945.10	-	15-Jun-20	11.40
3	11.6% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	450.00	-	22-May-20	11.60
	Total	**931.32**	**1,490.79**	**298.00**		

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

15.3 Secured Redeemable Non-Convertible Debentures - Public Issue & Listed
MFL have principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at Rs.69,396.98 millions (March 31,2018: Rs 43,841.54 millions, April 01, 2017: Rs.37,098.15 millions).

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Redemption Period from the date of allotment	Interest rate %
PL 19	20.03.2019	2,491.39	-	-	60 Months	9.75-10.00
PL 18	19.04.2018	9,839.02	-	-	60 Months	8.75-9.00
PL 19	20.03.2019	3,049.07	-	-	38 Months	9.50-9.75
PL 17	24.04.2017	2,517.38	2,517.38	-	60 Months	8.75-9.00
PL 16	30.01.2017	936.30	936.30	936.30	60 Months	9.00-9.25
PL 18	19.04.2018	19,092.87	-	-	38 Months	8.50-8.75
PL 15	12.05.2016	30.09	30.09	30.09	60 Months	9.00-9.25
PL 19	20.03.2019	1,554.11	-	-	24 Months	9.25-9.50
PL 14	20.01.2016	27.61	27.61	27.61	60 Months	9.25-9.50
PL 13	14.10.2015	31.97	31.98	31.97	60 Months	9.50-9.75
PL 17	24.04.2017	15,271.39	15,271.39	-	38 Months	8.50-8.75
PL 12	23.04.2015	60.01	60.01	60.01	60 Months	10.25-10.50
PL 18	19.04.2018	924.00	-	-	24 Months	8.25-8.50
PL 16	30.01.2017	8,829.02	8,829.02	8,829.02	36 Months	9.00-9.25
PL 11	29.12.2014	70.52	70.52	70.52	60 Months	10.75-11.00
PL 10	26.09.2014	62.76	62.76	62.76	60 Months	11.00-11.25
PL 9	04.07.2014	79.61	79.61	79.61	60 Months	11.00-11.50
PL 18	19.04.2018	144.11	-	-	400 Days	8.00
PL 15	12.05.2016	3,022.39	3,022.39	3,022.39	36 Months	9.50-9.75
PL 17	24.04.2017	1,350.36	1,350.36	-	24 Months	8.25-8.50
PL 8	02.04.2014	13.00	13.01	13.01	60 Months	11.00-11.50
PL 7	04.02.2014	-	37.87	37.87	60 Months	11.50-12.00
PL 16	30.01.2017	-	2,924.41	2,924.41	24 Months	8.75-9.00
PL 14	20.01.2016	-	2,605.50	2,605.50	36 Months	9.75-10.00
PL 6	04.12.2013	-	39.23	39.23	60 Months	11.50-12.00
PL 4	01.11.2012	-	182.17	182.17	72 Months	12.25
PL 17	24.04.2017	-	65.81	-	18 Months	8.15
PL 13	14.10.2015	-	2,743.36	2,743.36	36 Months	10.00-10.25
PL 5	25.09.2013	-	51.76	51.76	60 Months	11.50-12.00
PL 16	30.01.2017	-	13.57	13.57	18 Months	8.50
PL 17	24.04.2017	-	295.06	-	400 Days	8.00
PL 15	12.05.2016	-	1,058.72	1,058.72	24 Months	9.25-9.50
PL 12	23.04.2015	-	1,521.65	1,521.65	36 Months	10.50-10.75
PL 16	30.01.2017	-	-	296.70	400 Days	8.25
PL 14	20.01.2016	-	-	1,019.67	24 Months	9.50-9.75
PL 11	29.12.2014	-	-	1,968.96	36 Months	11.00-11.25
PL 15	12.05.2016	-	-	310.98	18 Months	9.00
PL 4	01.11.2012	-	-	744.01	60 Months	11.75-12.00
PL 3	18.04.2012	-	-	556.45	66 Months	13.43
PL 13	14.10.2015	-	-	1,170.58	24 Months	9.75-10.00
PL 10	26.09.2014	-	-	2,273.98	36 Months	11.25-11.50
PL 2	18.01.2012	-	-	910.21	66 Months	13.43
PL 9	04.07.2014	-	-	2,265.65	36 Months	11.50.-11.75
PL 15	12.05.2016	-	-	341.81	400 Days	8.75
PL 12	23.04.2015	-	-	685.13	24 Months	10.25-10.50
PL 3	18.04.2012	-	-	212.49	60 Months	13.25
	Sub Total	**69,396.98**	**43,841.54**	**37,098.15**		
	Less: EIR impact of transaction cost	515.06	282.77	190.26		
	Total	**68,881.92**	**43,558.77**	**36,907.89**		

(Rupees in millions, except for share data and unless otherwise stated)

15.4 Secured Redeemable Non-Convertible Debentures - Private Placement & Listed

MFL have principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures privately placed stood at Rs.5,750.00 millions (March 31,2018: Nil, April 01,2017: Nil)

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	Redemption Period from the date of allotment	Interest Rate %
3	22.11.2018	1,300.00	-	-	3year+71days	9.50-9.75
1	26.07.2018	1,750.00	-	-	3year	9.75
3	22.11.2018	200.00	-	-	2year+71days	9.25-9.50
2	13.08.2018	2,500.00	-	-	1year+314days	9.6
	Total	**5,750.00**	**-**	**-**		

15.5 Unsecured Non-Convertible Debentures -Listed

Belstar Invesment and Finance Private Limited Unecured Reedemable Non-Convertible Debentures with an outstanding amount of Rs. 1348.56 millions (March 31,2018: Rs. 498.76 millions April 01, 2017: Rs. NIL)

Series	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Date of redemption	Interest rate %
1	11.68% Unsecured, Partly Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	1,348.56	498.76	-	26-Mar-20	11.68
	Total	**1,348.56**	**498.76**	**-**		

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 16: Borrowings (other than debt securities)

Particulars	As at March 31, 2019			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
(a) Term loan				
(i) from banks				
Term Loans(Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Terms of Repayment: Rs.2,333.20 millions during FY 2019-20 in 4 quarterly installments, Rs. 2,333.20 millions during FY 2020-21 in 4 quarterly installments, Rs. 2,333.60 millions during FY 2021-22 in 4 quarterly installments Rate of Interest: 10.00 % p.a.)	6,979.86	-	-	6,979.86
Term Loan (Secured by way of specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment:Rs.5093.38 millions repayable during FY 19-20 in quarterly / monthly installments & Rs.2,641.04 millions after FY 19-20 repayable in quarterly / monthly installments, Rate of Interest: 8.00% - 14.00%)	7,734.42	-	-	7,734.42 -
Term Loan (Secured by paripassu floating charge on housing loan receivables, credit and current assets) (Terms of Repayment:Rs.1648.40 millions repayable during FY 19-20 in quarterly / half yearly / yearly installments & Rs.9225.65 millions after FY 19-20 repayable in quarterly / half yearly installments, Rate of Interest: 8.00% - 10.00%)	10,874.05	-	-	10,874.05
Term Loans(Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Terms of Repayment: 8 half yearly installments from FY 20-21)	59.61	-	-	59.61
Term Loan (Secured by promissory notes, loans, lease and hire purchase receivables, Mortgage bond over loan recoverable consist of business loan, corporate loan and mortgage loan) (Terms of Repayment: Rs. 433.18 millions repayable during FY 19-20 in monthly installments & Rs.101.60 millions after FY 19-20 repayable in monthly installments, Rate of Interest :- Base rate + (2.5%- 3.75 %) p.a)	534.78	-	-	534.78
(ii) from financial institutions				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment: Rs. 2.56 millions during FY 2019-20 in 12 monthly installments, Rs. 2.80 millions during FY 2020-21 in 12 monthly installments, Rs. 2.04 millions during FY 2021-22 in 12 monthly installments, Rs.2.24 millions during FY 2022-23 in 12 monthly installments, Rs. 1.54 millions during FY 2023-24 in 6-8-12 monthly installments Rate of Interest: 9.00-9.90% p.a.).	11.19	-	-	11.19
Term Loan (Secured by specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment:Rs.892.46 millions repayable during FY 19-20 in monthly/quarterly installments & Rs.167.75 millions after FY 19-20 repayable in quarterly / half yearly installments, Rate of Interest: 8%-12%)	1,060.21	-	-	1,060.21

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(iii) Pass through certificates payable	3,617.76	-	-	3,617.76
(b) Loans from related party				
Loan from Directors and Relatives (Unsecured)	5,711.08	-	-	5,711.08
(Terms of Repayment: Rs 1761.08 millions repayable on demand- Rate of Interest: 8.00% p.a, Rs. 3,950.00 millions repayable on 31 March 2022 - Rate of Interest: 8.75% p.a.)				
(c) Securitised Loans	1,427.77	-	-	1,427.77
(Secured by lease and hire purchase assets and receivables)				
(Terms of Repayment : Repayable in 15-36 monthly installments. Rate of Interest : 11.53%- 16.80% p.a)				
(d) Loans repayable on demand				
(i) from banks (OD & CC)				
(i) from banks				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	153.88	-	-	153.88
Cash Credit/ Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	121,507.21	-	-	121,507.21
Short term loan (unsecured)	1,250.00	-	-	1,250.00
(ii) from financial institutions				
Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	2,130.67	-	-	2,130.67
(e) Commercial papers	48,261.72	-	-	48,261.72
Total (A)	**211,314.21**	**-**	**-**	**211,314.21**
Borrowings in India	209,299.71	-	-	209,299.71
Borrowings outside India	2,014.50	-	-	2,014.50
Total (B)	**211,314.21**	**-**	**-**	**211,314.21**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
(i) from banks				
Term Loans(Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Terms of Repayment: During FY 2018-19 in 4 quarterly installments , Rate of Interest: 8.75% p.a)	1,999.62	-	-	1,999.62
Term Loan (Secured by way of specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment:Rs.3,526.60 millions repayable during FY 18-19 in quarterly / monthly installments & Rs.2,992.60 millions after FY 18-19 repayable in quarterly / monthly installments, Rate of Interest: 9.25% - 15.00%)	6,585.89	-	-	6,585.89
Term Loan (Secured by paripassu floating charge on housing loan receivables, credit and current assets) (Terms of Repayment:Rs.832.46 millions repayable during FY 18-19 in quarterly / half yearly installments & Rs.6,699.54 millions after FY 18-19 repayable in quarterly / half yearly installments, Rate of Interest: 8.05% - 9.45%)	7,521.70	-	-	7,521.70
Term Loan (Secured by promissory notes, loans, lease and hire purchase receivables, Mortgage bond over loan recoverable consist of business loan, corporate loan and mortgage loan) (Terms of Repayment: Rs.231.05 millions repayable during FY 18-19 in monthly installments & Rs.226.24 millions after FY 18-19 repayable in monthly installments, Rate of Interest :- Base rate + (2.5%- 3.75 %) p.a	457.29	-	-	457.29
(ii) from financial institutions				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment: Rs. 1.93 millions during FY 2018-19 in 7-8-12 monthly installments, Rs. 0.85 millions during FY 2019-20 in 12 monthly installments & Rs 0.93 millions during FY 2020-21 in 12 monthly installments, Rate of Interest: 9.00-9.30% p.a.).	3.72	-	-	3.72
Term Loan (Secured by specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment: Amount Rs. 1,205.57 millions repayable during F Y 2018-19 in quarterly / monthly installments & Rs. 699.37 millions after F Y 2018-19 in quarterly / monthly installments , Rate of Interest : 9.50-15.25 % p.a.)	1,897.30	-	-	1,897.30

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(iii) Pass through certificates payable	669.98	-	-	669.98
(b) Loans from related party				
Loan from Directors and Relatives (Unsecured)	8,815.05	-	-	8,815.05
(Terms of Repayment: Rs 3865.05 millions repayable on demand- Rate of Interest: 8.00% p.a, Rs. 4,950.00 millions repayable on 31 March 2022 - Rate of Interest: 8.75% p.a.)				
(c) Securitised Loans	795.26	-	-	795.26
(Secured by lease and hire purchase assets and receivables)				
(Terms of Repayment : Repayable in 14-37 monthly installments. Rate of Interest : 11.53%- 16.80% p.a)				
(d) Loans repayable on demand				
(i) from banks (OD & CC)				
(i) from banks				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	190.44	-	-	190.44
Cash Credit/ Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	109,892.03	-	-	109,892.03
Short term loan (unsecured)	-	-	-	-
(ii) from financial institutions				
Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	2,461.38	-	-	2,461.38
(e) Commercial papers	29,414.32	-	-	29,414.32
Total (A)	**170,703.98**	**-**	**-**	**170,703.98**
Borrowings in India	169,261.57	-	-	169,261.57
Borrowings outside India	1,442.41	-	-	1,442.41
Total (B)	**170,703.98**	**-**	**-**	**170,703.98**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
(i) from banks				
Term Loans(Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Terms of Repayment: During FY 2018-19 in 4 quarterly installments , Rate of Interest: 8.75% p.a)	2,000.00	-	-	2,000.00
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment : Rs. 0.08 millions during F Y 2017-18 in 3 monthly installments, Rate of Interest :10.51 % p.a.)	0.08	-	-	0.08
Term Loan (Secured by way of specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment:Rs.1,255.28 millions repayable during FY 17-18 in quarterly / monthly installments & Rs.1,540.49 millions after FY 17-18 repayable in quarterly / monthly installments, Rate of Interest: 11.00% - 15.00%)	2,758.20	-	-	2,758.20
Term Loan (Secured by paripassu floating charge on housing loan receivables, credit and current assets) (Terms of Repayment:Rs.96.53 millions repayable during FY 17-18 in quarterly / half yearly installments & Rs.2,053.47 millions after FY 17-18 repayable in quarterly / half yearly installments, Rate of Interest: 8.75% - 9.70%)	2,145.75	-	-	2,145.75
Term Loan (Secured by promissory notes, loans, lease and hire purchase receivables, Mortgage bond over loan recoverable consist of business loan, corporate loan and mortgage loan) (Terms of Repayment: Rs.128.03 millions repayable during FY 17-18 in monthly installments & Rs.244.31 millions after FY 17-18 repayable in monthly installments, Rate of Interest :- Base rate + (2.5%- 3.5 %) p.a)	372.34	-	-	372.34
(ii) from financial institutions				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment: Rs.1.7 millions during F Y 2017-18 in 12 monthly installments & Rs.1.15 millions during F Y 2018-19 in 7-8 monthly installments , Rate of Interest : 9.19-9.30 % p.a.)	2.85	-	-	2.85
Term Loan (Secured by specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment: Amount Rs. 1,677.52 millions repayable during F Y 2017-18 in quarterly / monthly installments & Rs. 1,202.32 millions after F Y 2017-18 in quarterly / monthly installments , Rate of Interest : 9.75-16.00 % p.a.)	2,863.54	-	-	2,863.54

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
(iii) Pass through certificates payable	-	-	-	-
(b) Loans from related party				
Loan from Directors and Relatives (Unsecured) (Terms of Repayment: Rs 1034.10 millions repayable on demand- Rate of Interest: 8.00% p.a, Rs. 4,950.00 millions repayable on 31 March 2022 - Rate of Interest: 8.75% p.a.)	5,984.10	-	-	5,984.10
(c) Securitised Loans (Secured by lease and hire purchase assets and receivables) (Terms of Repayment : Repayable in 14-37 monthly installments. Rate of Interest : 11%- 17% p.a)	683.18	-	-	683.18
(d) Loans repayable on demand				
(i) from banks (OD & CC)				
(i) from banks				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	19.07	-	-	19.07
Cash Credit/ Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	88,592.32	-	-	88,592.32
Short term loan (unsecured)	750.00	-	-	750.00
(ii) from financial institutions				
Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	2,138.26	-	-	2,138.26
(e) Commercial papers	31,548.44	-	-	31,548.44
Total (A)	**139,858.13**	-	-	**139,858.13**
Borrowings in India	138,787.26	-	-	138,787.26
Borrowings outside India	1,070.87	-	-	1,070.87
Total (B)	**139,858.13**	-	-	**139,858.13**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 17: Deposits

Particulars	As at March 31, 2019			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
Deposits				
(i) Public deposits	2,618.98	-	-	2,618.98
(ii) From Banks	-	-	-	-
(iii) From Others	-	-	-	-
Total (A)	**2,618.98**	**-**	**-**	**2,618.98**
Deposits in India	-	-	-	-
Deposits outside India	2,618.98	-	-	2,618.98
Total (B)	**2,618.98**	**-**	**-**	**2,618.98**

Particulars	As at March 31, 2018			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
Deposits				
(i) Public deposits	2,652.80	-	-	2,652.80
(ii) From Banks	-	-	-	-
(iii) From Others	-	-	-	-
Total (A)	**2,652.80**	**-**	**-**	**2,652.80**
Deposits in India	-	-	-	-
Deposits outside India	2,652.80	-	-	2,652.80
Total (B)	**2,652.80**	**-**	**-**	**2,652.80**

Particulars	As at April 01, 2017			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
Deposits				
(i) Public deposits	2,421.37	-	-	2,421.37
(ii) From Banks	-	-	-	-
(iii) From Others	-	-	-	-
Total (A)	**2,421.37**	**-**	**-**	**2,421.37**
Deposits in India	-	-	-	-
Deposits outside India	2,421.37	-	-	2,421.37
Total (B)	**2,421.37**	**-**	**-**	**2,421.37**

(Rupees in millions, except for share data and unless otherwise stated)

17.1 Due to customers (Fixed Deposits)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 1, 2017**
Redeemable from the Balance Sheet date			
36-60 months	153.76	197.56	122.16
12-36 months	570.19	593.01	407.71
Upto 12 months	1,895.03	1,862.23	1,891.50
Total	**2,618.98**	**2,652.80**	**2,421.37**

Note 18: Subordinated Liabilities

Particulars	**As at March 31, 2019**			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
Subordinated Debt* *Refer note 18.1*	458.50	-	-	458.50
Subordinated Debt - Listed** *Refer note 18.2 & 18.3*	4,064.01	-	-	4,064.01
Subordinated Debt Others *Refer note 18.4*	170.00	-	-	170.00
Preference Shares other than those that qualify as Equity *(Refer note 18.5)*	500.00	-	-	500.00
Total (A)	**5,192.51**	**-**	**-**	**5,192.51**
Subordinated Liabilities in India	5,192.51	-	-	5,192.51
Subordinated Liabilities outside India	-	-	-	-
Total (B)	**5,192.51**	**-**	**-**	**5,192.51**

*Excludes unpaid (unclaimed) matured debentures of Rs.138.93 millions shown as a part of a Other financial liabilities in Note 19.

**EIR impact of transaction cost

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Debt* *Refer note 18.1*	7,037.97	-	-	7,037.97
Subordinated Debt - Listed** *Refer note 18.2 & 18.3*	4,054.77	-	-	4,054.77
Subordinated Debt Others *Refer note 18.4*	170.00	-	-	170.00
Preference Shares other than those that qualify as Equity *(Refer note 18.5)*	310.00	-	-	310.00
Total (A)	**11,572.74**	**-**	**-**	**11,572.74**
Subordinated Liabilities in India	11,572.74	-	-	11,572.74
Subordinated Liabilities outside India	-	-	-	-
Total (B)	**11,572.74**	**-**	**-**	**11,572.74**

*Excludes unpaid (unclaimed) matured debentures of Rs.350.25 millions shown as a part of a Other financial liabilities in Note 19.
**EIR impact of transaction cost

Particulars	As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Debt* *Refer note 18.1*	15,077.64	-	-	15,077.64
Subordinated Debt - Listed** *Refer note 18.2 & 18.3*	3,733.26	-	-	3,733.26
Subordinated Debt Others *Refer note 18.4*	100.00	-	-	100.00
Preference Shares other than those that qualify as Equity *(Refer note 18.5)*	-	-	-	-
Total (A)	**18,910.90**	**-**	**-**	**18,910.90**
Subordinated Liabilities in India	18,910.90	-	-	18,910.90
Subordinated Liabilities outside India	-	-	-	-
Total (B)	**18,910.90**	**-**	**-**	**18,910.90**

*Excludes unpaid (unclaimed) matured debentures of Rs.379.93 millions shown as a part of a Other financial liabilities in Note 19.
**EIR impact of transaction cost

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

18.1 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016. MFL has privately placed subordinated debt stood at Rs.597.43 millions (March 31,2018: Rs.7,388.23 millions, April 01, 2017: Rs.15,457.56 millions).

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Redemption Period from the date of allotment	Interest Rate %
XVII	09.05.2014	21.00	21.00	21.00	72 months	11.61
XVI	18.02.2014 - 31.03.2014	46.00	46.00	46.00	66 months	12.67
XV	22.12.2013 - 17.02.2014	98.50	98.50	98.50	66 months	12.67
XIV	18.09.2013 - 21.12.2013	293.00	298.00	298.00	66 months	12.67
XIII	08.07.2013 - 17.09.2013	7.50	98.00	98.00	66 months	12.67
XII	01.04.2013 - 07.07.2013	50.36	1,825.30	1,825.30	66 months	12.67
XI	01.10.2012 - 31.03.2013	40.45	4,651.17	4,651.17	66 months	12.67-13.39
X	01.04.2012 - 30.09.2012	20.08	292.86	3,548.56	66 months	12.67-13.39
IX	01.11.2011 - 31.03.2012	7.49	33.98	4,081.08	66 months	12.67-13.39
VIII	01.07.2011 - 31.10.2011	3.35	10.02	686.46	66 months	12.67
VII	01.01.2011 - 07.02.2011	0.72	1.68	26.06	72 months	11.61
VII	01.04.2011 - 30.06.2011	1.62	2.70	30.24	66 months	12.67
VII	08.02.2011 - 31.03.2011	1.57	2.20	8.99	66 months	12.67
VI	01.07.2010 - 31.12.2010	1.64	2.21	29.60	72 months	11.61
V	01.01.2010 - 30.06.2010	0.84	1.12	3.06	72 months	11.61
IV	17.08.2009 - 31.12.2009	1.18	1.22	2.14	72 months	11.61
IV	01.07.2009 - 16.08.2009	0.05	0.05	0.05	72 months	12.50
IV	01.07.2009 - 16.08.2009	1.44	1.44	2.17	69 months	12.12
III	15.12.2008 - 30.06.2009	0.23	0.23	0.23	72 months	12.50
III	15.12.2008 - 30.06.2009	0.41	0.54	0.95	69 months	12.12
	Sub Total	**597.43**	**7,388.22**	**15,457.57**		
	Less: Unclaimed matured debentures shown as a part of Other financial liabilities	138.93	350.25	379.93		
	Total	**458.50**	**7,037.97**	**15,077.64**		

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

18.2 Subordinated Debt -Public & Listed

MFL has principal amount outstanding of Unsecured Redeemable Non- Convertible Listed Debentures issued as Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016 issued through Public Issue stood at Rs.3,748.98 millions (March 31, 2018: Rs.3,748.98 millions, April 01,2017: Rs.3,561.81 millions).

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Redemption Period from the date of allotment	Interest Rate %
PL 17	24.04.2017	187.17	187.17	-	96 Months	9.06
PL 16	30.01.2017	317.76	317.76	317.76	96 Months	9.06
PL 15	12.05.2016	236.00	236.00	236.00	90 Months	9.67
PL 14	20.01.2016	230.39	230.39	230.39	87 Months	10.02
PL 13	14.10.2015	359.47	359.47	359.47	84 Months	10.41
PL 12	23.04.2015	289.15	289.15	289.15	81 Months	10.8
PL 11	29.12.2014	386.54	386.54	386.54	78 Months	11.23
PL 10	26.09.2014	304.36	304.36	304.36	78 Months	11.23
PL 9	04.07.2014	364.49	364.49	364.49	75 Months	11.7
PL 8	02.04.2014	193.46	193.46	193.46	75 Months	11.7
PL 7	04.02.2014	437.57	437.57	437.57	72 Months	12.25
PL 6	04.12.2013	232.88	232.88	232.88	72 Months	12.25
PL 5	25.09.2013	209.74	209.74	209.74	72 Months	12.25
	Sub Total	**3,748.98**	**3,748.98**	**3,561.81**		
	Less: EIR impact of transaction cost	20.28	27.25	28.55		
	Total	**3,728.70**	**3,721.73**	**3,533.26**		

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

18.3 Subordinated Debt - Private Placement & Listed

MFL and BIFPL has principal amount outstanding of privately placed Unsecured Redeemable Non-Convertible Listed Debentures issued as Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016 stood at Rs 335.31 millions (March 31, 2018: Rs 333.04 millions: April 01, 2017: Rs.200 millions).

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Redemption Period from the date of allotment	Interest Rate %
IA	26.03.2013	100.00	100.00	100.00	120 Months	12.35
	Total	**100.00**	**100.00**	**100.00**		

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Date of redemption	Nominal value per debenture #	Total number of debentures #
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	235.31	233.04	100.00	31/05/2023	1,000.00	250,000.00
Total	**235.31**	**233.04**	**100.00**			

Nominal value per debenture and total number of debentures are in full numbers.

18.4 Detail of Redeemable Non-Convertible Debentures

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Date of redemption	Nominal value per debenture #	Total number of debentures #
Subordinated Debt (Tier II Capital)						
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	70.00	70.00	-	31/07/2023	1,000,000.00	70.00
15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures	100.00	100.00	100.00	29/03/2021	1,000,000.00	100.00
Total	**170.00**	**170.00**	**100.00**			

Nominal value per debenture and total number of debentures are in full numbers.

18.5 Detail of Redeemable Preference Shares

Particulars	**March 31, 2019**		**March 31, 2018**	
	No. of shares	**Amount**	**No. of shares**	**Amount**
At the beginning of the year	31,000,000	310.00	-	-
Issued during the year	19,000,000	190.00	31,000,000	310.00
Outstanding at the end of the year	**50,000,000**	**500.00**	**31,000,000**	**310.00**

1. During the financial year 2017-18, BIFPL has privately placed 31,000,000 Rated Non-Convertible, Redeemable Cumulative Preference Shares of Rs. 10 each aggregating to Rs. 310,000,000 having fixed rate of dividend of 10.25% p.a. starting from 29 November 2017 to 18 September 2018. BIFPL has a call option to roll over the redemption and roll over upto 3 May 2019 with a fixed dividend of 10.50% p.a. from 19 September 2018 to 31 May 2019.

2. During financial year 2018-19, BIFPL has privately issued 19,000,000 Rated Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each aggregating to Rs. 190,000,000 having fixed rate of Dividend of 10.25% p.a for a period starting from 29 June 2018 to 10 April 2019. BIFPL has a call option to roll over the redemption and roll over upto 27 December 2019 with a fixed dividend of 10.50% p.a from 11 April 2019 to 27 December 2019.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 19: Other Financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on borrowings	9,069.09	12,056.93	19,278.77
Unpaid (Unclaimed) dividends	6.66	4.92	3.26
Interim Dividend Payable	-	-	2,396.85
Corporate Dividend Tax Payable	-	-	487.94
Unpaid (Unclaimed) matured Non Convertible Debentures and interest accrued thereon	413.35	1,115.76	1,594.61
Unpaid (Unclaimed) matured Listed Non convertible Debentures and interest accrued thereon	59.78	18.69	31.74
Direct assignment portfolio collection payable	172.31	2.51	16.05
Security deposits received	83.42	83.38	76.62
Auction surplus refundable	161.87	59.95	73.76
Preference dividend	37.74	12.72	-
Margin on buyout	180.51	-	-
Others	281.53	150.45	53.80
Total	**10,466.26**	**13,505.31**	**24,013.40**

Note 20: Provisions

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision in excess of ECL *(Refer note 51 (f))*	1,733.89	2,004.48	755.94
Provision for undrawn commitments	2.80	-	-
Provision for employee benefits			
- Gratuity	120.15	15.25	16.49
- Compensated absences	228.56	212.43	-
Provisions for others	79.93	46.87	12.69
Total	**2,165.33**	**2,279.03**	**785.12**

The movement in provisions for undrawn commitments and other losses during 2018-19 and 2017-18 is as follows:

	Undrawn commitments	Other losses	Amount
As at April 01, 2017	**-**	**12.69**	**12.69**
Additions	-	34.18	**34.18**
As at March 31, 2018	**-**	**46.87**	**46.87**
Additions	2.80	33.06	**35.86**
As at March 31, 2019	**2.80**	**79.93**	**82.73**

Note 21: Other Non-financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Statutory dues payable	259.25	431.88	258.65
Insurance premium payable	6.54	19.45	9.00
Advance interest received on loans	105.83	112.96	321.23
Payables to employees	25.12	13.75	2.20
Other non financial liabilities	22.45	24.96	14.75
Total	**419.19**	**603.00**	**605.83**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 22: Equity share capital

22.1 The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised			
450,000,000 (March 31, 2018 & April 01, 2017: 450,000,000) Equity shares of Rs.10/- each	4,500.00	4,500.00	4,500.00
5,000,000 (March 31, 2018 & April 01, 2017: 5,000,000) Preference shares of Rs.1000/- each	5,000.00	5,000.00	5,000.00
Issued, subscribed and fully paid up			
400,661,316 (March 31, 2018: 400,041,239; April 01, 2017: 399,475,549) Equity shares of Rs. 10/- each fully paid up	4,006.61	4,000.41	3,994.76
Total Equity	**4,006.61**	**4,000.41**	**3,994.76**

22.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The Company declares and pays dividends in Indian rupees. The interim dividend is declared and approved by Board of Directors. The final dividend proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

22.3 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at April 01, 2017	**399,475,549**	**3,994.76**
Shares issued in exercise of Employee Stock Options during the year	565,690	5.66
As at March 31, 2018	**400,041,239**	**4,000.41**
Shares issued in exercise of Employee Stock Options during the year	620,077	6.20
As at March 31, 2019	**400,661,316**	**4,006.61**

Muthoot Finance Limited
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(Rupees in millions, except for share data and unless otherwise stated)

22.4 Details of Equity shareholder holding more than 5% shares in the company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class	No. of shares held	% holding in the class
M. G. George Muthoot	46,551,632	11.62%	46,551,632	11.64%	46,551,632	11.65%
George Alexander Muthoot	43,630,900	10.89%	43,630,900	10.91%	43,630,900	10.92%
George Jacob Muthoot	43,630,900	10.89%	43,630,900	10.91%	43,630,900	10.92%
George Thomas Muthoot	43,630,900	10.89%	43,630,900	10.91%	43,630,900	10.92%
Susan Thomas	29,985,068	7.48%	29,985,068	7.50%	29,985,068	7.51%

22.5 Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back.

Particulars	Fully paid up pursuant to contract(s) without payment being received in cash	Fully paid up by way of bonus shares	Shares bought back
Equity Shares :			
2018-2019	Nil	Nil	Nil
2017-2018	Nil	Nil	Nil
2016-2017	Nil	Nil	Nil
2015-2016	Nil	Nil	Nil
2014-2015	Nil	Nil	Nil

22.6 Shares reserved for issue under Employee Stock Option Scheme
The Company has reserved 1,110,170 equity shares (March 31, 2018: 2,071,329; April 1, 2017 : 2,837,904) for issue under the Employee Stock Option Scheme 2013.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 23: Other equity

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Statutory reserve		
Balance at the beginning of the year	16,348.91	12,654.51
Add: Amount transferred from Retained earnings	4,228.26	3,694.40
Balance at the end of the year	**20,577.17**	**16,348.91**
Security Premium		
Balance at the beginning of the year	14,797.04	14,721.81
Add: Securities premium on share options exercised during the year	93.37	75.23
Balance at the end of the year	**14,890.41**	**14,797.04**
Debenture Redemption Reserve		
Balance at the beginning of the year	25,436.13	20,335.91
Add: Amount transferred from Retained earnings	9,687.85	5,100.22
Balance at the end of the year	**35,123.98**	**25,436.13**
General Reserve		
Balance at the beginning of the year	2,676.33	2,676.33
Add: Amount transferred from Retained earnings	-	-
Balance at the end of the year	**2,676.33**	**2,676.33**
Share option outstanding account		
Balance at the beginning of the year	185.82	171.42
Add: Share based payment expenses	47.69	67.54
Less: Transfer To Secutity premium on account of options exercised	(68.86)	(53.14)
Balance at the end of the year	**164.65**	**185.82**
Capital reserve		
Balance at the beginning of the year	0.66	0.66
Add: Amount transferred from Retained earnings	-	-
Balance at the end of the year	**0.66**	**0.66**
Non-controlling interest		
Balance at the beginning of the year	733.13	724.11
Add: Additional sale of shares to third party	639.70	-
Add: Share of profit for the year (including OCI)	236.36	134.76
Less: Adjustments to non controlling interest*	(61.95)	(111.09)
Less: Effect of dilution in stake	(123.47)	(14.65)
Balance at the end of the year	**1,423.77**	**733.13**
Retained Earnings		
Balance at the beginning of the year	**15,120.45**	**10,653.87**
Less: Other Adjustments to opening balance (AAF)	(5.27)	-
Less: Impact of adoption of SLFRS 9 in AAF	(107.52)	-
Add: Profit for the period	20,780.13	18,298.32
Add/(Less): Other comprehensive income for the period	(11.11)	54.80
Gain/(Loss) on transaction between shareholders	(111.85)	(276.12)
Appropriation :-		
Dividend on equity shares	-	(4,014.19)
Tax on dividend on equity shares	-	(816.26)
Transfer to/(from) debenture redemption reserve	(9,687.85)	(5,100.22)
Transfer to Statutory Reserve	(4,228.26)	(3,694.40)
Impact due to dilution of stake in subsidiary	123.47	14.65
Total appropriations	**(13,792.64)**	**(13,610.42)**
Balance at the end of the year	**21,872.19**	**15,120.45**
Total	**96,729.16**	**75,298.47**

*This transaction represents net reduction in non controlling interest on account of additional acquisition of shares/share of profit from minority shareholders by the Company.

(Rupees in millions, except for share data and unless otherwise stated)

23.1 Nature and purpose of reserve

Statutory reserve

Statutory Reserve represents the Reserve Fund created by the company and its subsidiaries under the relevant applicable statutes.

Securities Premium

This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Debenture Redemption Reserve

In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of Companies (Share Capital and Debentures) Rules 2014 , the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
No Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies.

General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings

This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

23.2 Dividend proposed to be distributed to equity shareholders for the period

Particulars	Year ended March 31, 2019
Dividend proposed to be distributed to equity shareholders of the company for the period (not recognised as a liability)	
Interim dividend for 2018-19: Rs.12/- per share	4,807.94
Date of declaration of interim dividend for the period	April 05, 2019

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
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Note 24: Interest income

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	On Financial assets measured at fair value through OCI	On Financial assets measured at amortised cost	Interest income on financial assets classified at fair value through profit or loss	On Financial assets measured at fair value through OCI	On Financial assets measured at amortised cost	Interest income on financial assets classified at fair value through profit or loss
Interest on Loans						
Gold Loan	-	67,155.19	-	-	61,954.79	-
Business Loans	-	2.64	-	-	0.06	-
Corporate Loans	-	207.41	-	-	-	-
Housing Loans	-	2,152.82	-	-	1,021.58	-
Project financing interest income	-	-	-	-	1.38	-
Personal Loan	-	292.71	-	-	276.75	-
Group personal loans	-	29.82	-	-	101.09	-
Staff Loan	-	4.23	-	-	6.33	-
Pledge loans	-	-	-	-	31.44	-
Microfinance loans	107.24	3,290.51	-	48.16	2,248.97	-
Mortgage loans	-	58.50	-	-	32.46	-
Other loans	-	169.56	-	-	27.21	-
Interest from commercial papers	-	9.79	-	-	12.16	-
Interest on hire purchase	-	5.03	-	-	5.78	-
Interest on leases	-	363.04	-	-	178.19	-
Interest from money market	-	3.47	-	-	-	-
Interest income from investments	-	25.62	-	-	5.75	-
Interest on deposits with banks	-	178.83	-	-	124.68	-
Interest on treasury bills	-	25.94	-	-	26.53	-
Others	-	77.75	-	-	20.30	-
Total	**107.24**	**74,052.86**	**-**	**48.16**	**66,075.45**	**-**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 25: Net gain on fair value changes

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	554.88	70.13
- Derivatives	-	59.07
(ii) On financial instruments designated at fair value through profit or loss	-	-
(B) Gain/ (loss) on fair valuation of equity shares	-	(0.02)
Total Net gain on fair value changes (C)	**554.88**	**129.18**
Fair Value changes:		
- Realised	547.57	127.87
- Unrealised	7.31	1.31
Total Net gain on fair value changes	**554.88**	**129.18**

Note 26: Sale of services

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Income from Money Transfer business	211.54	205.75
Income from Power Generation - Windmill	17.97	21.71
Total	**229.51**	**227.46**

Note 27: Other Income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gains from disposal of property, plant and equipment, investment property and real estate inventories	-	2.12
Profit on settled contracts	-	15.17
Bad debt recovered	9.97	2.75
Rental income	2.13	2.26
Other income	54.07	667.98
Total	**66.17**	**690.28**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 28: Finance Cost

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost
Interest Expense on Borrowings:				
Interest on borrowing (other than debt securities)	-	15,064.79	-	10,766.38
Interest on debt securities	-	8,498.40	-	6,955.27
Interest on subordinate liabilities	-	1,377.94	-	3,148.50
Dividend on preference shares	-	55.46	-	12.72
Interest on deposits	-	345.55	-	352.71
Other charges	-	12.51	-	35.79
Total	**-**	**25,354.65**	**-**	**21,271.37**

Note 29: Impairment on financial instruments

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost
Loans	-	198.18	-	2,318.43
Bad Debts Written Off	-	314.60	-	369.82
Investments	-	145.37	-	-
Other Assets	-	20.37	-	24.77
Total	**-**	**678.51**	**-**	**2,713.02**

Note 30: Employee Benefits Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and Wages	9,315.64	7,790.46
Contributions to Provident and Other Funds	621.70	519.51
Share based payments to employees	47.69	67.54
Staff Welfare Expenses	148.40	102.36
Total	**10,133.43**	**8,479.87**

Note 31: Depreciation, amortization and impairment

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of Tangible Assets	459.35	456.08
Amortization of Intangible Assets	57.58	63.18
Total	**516.93**	**519.26**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
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Note 32: Other Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent	2,057.15	1,964.03
Rates & Taxes	342.30	165.00
Energy Costs	315.43	296.84
Repairs and Maintenance	254.63	261.51
Communication Costs	438.88	431.63
Printing and Stationery	200.16	159.86
Advertisement & Publicity	1,063.01	739.16
Directors' Sitting Fee	8.12	18.74
Commission to Non-Executive Directors	6.25	4.86
Auditors' fees and expenses *(Refer note 32.1)*	9.13	6.32
Legal & Professional Charges	319.88	261.71
Insurance	108.28	79.67
Internal Audit and Inspection Expenses	101.32	89.24
Vehicle Hire & Maintenance	17.58	17.50
Travelling and Conveyance	350.50	249.97
Business Promotion Expenses	495.50	229.82
Bank Charges	74.15	44.73
Donation to Political Parties	4.20	-
ATM Service charges	52.91	57.97
Loss on Sale of property, plant and equipment	4.20	2.41
Membership and subscription	3.19	2.64
Miscellaneous expense	211.71	127.70
Expenditure on Corporate Social Responsibility *(Refer note 32.2)*	293.21	201.24
Total	**6,731.69**	**5,412.55**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019

(Rupees in millions, except for share data and unless otherwise stated)

Note 32.1 Auditors' fees and expenses:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
As Auditor's (including limited review)	7.51	5.62
For taxation matters	0.20	0.21
For Other Services	1.06	0.34
For Reimbursement of Expenses	0.36	0.15
Total	**9.13**	**6.32**

Note 32.2 Expenditure on Corporate Social Responsibility:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Gross amount required to be spent by the Group during the year	415.44	287.76
b) Amount spent during the period		
i) Construction/acquisition of any asset		
- In cash	-	-
- Yet to be paid in cash	-	-
Total	**415.44**	**287.76**
ii) On purpose other than (i) above		
- In cash	293.21	201.24
- Yet to be paid in cash	-	-
Total	**293.21**	**201.24**

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Note 33: Income Tax

The components of income tax expense for the year ended March 31, 2019 and year ended March 31, 2018 are:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	11,466.73	10,411.53
Adjustment in respect of current income tax of prior years	237.76	104.78
Deferred tax relating to origination and reversal of temporary differences	(138.82)	466.95
Income tax expense reported in statement of profit and loss	**11,565.67**	**10,983.26**
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
- Remeasurement of defined benefit plans	(14.34)	(41.55)
- Fair value changes on equity instruments through other comprehensive income	11.84	10.28
-Fair value gain on debt instruments through other comprehensive income	(5.13)	(3.58)
Income tax charged to OCI	**(7.63)**	**(34.85)**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at tax rate applicable to the company. A reconciliation between the tax expense and the accounting profit multiplied by substantively enacted tax rate for the year ended March 31, 2019 and year ended March 31, 2018 is, as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	32,595.28	29,420.78
Statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	11,390.10	10,181.94
Effect of derecognition of previously recognised deferred tax assets	-	333.91
Effect of unrecognised deferred tax assets	(1.63)	11.80
Effect of income that is exempt from taxation	(20.97)	(9.83)
Income of Subsidiaries taxed at diff tax rates (net)	(107.62)	(35.08)
Impact of allowance of Provision 5% as per Section 36 (1)(d) of IT act, 1961	(15.79)	(10.05)
Additional deduction under Income tax act	-	(0.33)
Operating losses carry forwards	-	(7.41)
Tax on income at different rates	-	4.62
Current tax pertaining to prior years	237.76	104.78
Deferred Tax pertaining to prior years	-	-
Effect of change in tax law, rate or tax status	(6.77)	5.00
Disallowable expenses	97.16	285.73
Income not subject to tax	-	-
Others - Section 80IA	(4.28)	(5.63)
Interest on income tax grouped under Current tax charge	21.69	121.95
Others	(23.96)	1.86
Income tax expense reported in the statement of profit and loss	**11,565.67**	**10,983.26**

Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:
Deferred tax relates to the following:

	Balance sheet		
	As at March 31, 2019	**As at March 31, 2018**	**As at April 01, 2017**
Fixed asset: Timing difference on account of Depreciation and Amortisation	269.27	267.44	214.52
On application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109 and amortisation of net income under Effective Interest Rate Method not adjusted under Income Tax Act, 1961	248.13	7.28	195.01
On Fair Value Changes of derivative liability not adjusted under Income Tax Act, 1961	-	-	20.44
On Amortisation of expenses under Effective Interest Rate method for financial liabilities not permitted under Income Tax Act, 1961	(252.49)	(129.50)	(84.13)
Net gain on fair valuation of Investments not adjusted under Income Tax Act, 1961	(55.14)	(40.83)	(29.74)
Fair Valuation of Employee Stock Options not permitted under Income Tax, 1961	61.88	(1.94)	(17.25)
Impact due to gain/loss on fair value of securitisation	(34.51)	-	(1.20)
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	-	-	3.77
Tax Losess*	67.85	21.44	19.76
Statutory reserve as per NHB	(66.99)	(36.51)	(4.71)
On Other Provisions	121.06	104.00	377.75
Net deferred tax asset / (liabilities), net	**359.06**	**191.38**	**694.22**
Deferred tax Asset:	**369.40**	**191.54**	**694.30**
Deferred tax liability:	**10.34**	**0.16**	**0.08**
Net deferred tax asset / (liabilities), net	**359.06**	**191.38**	**694.22**

*As of March 31, 2019, the subsidiary, AAF has a tax loss amounting to Rs. 319.82 millions (March 31, 2018 - Rs. 160.64 millions) which is available for 5 years for offsetting against future Statutory Income of the subsidiary in each year of assessment. A deferred tax asset has been recognized upto a tax loss of Rs. 221.98 millions (March 31, 2018 Rs. 76.56 millions) which has arisen from Leasing and Non Finance Leasing Business. However, deferred tax assets have not been recognized for the tax losses amounting to Rs. 77.70 millions arising from the Non Finance Leasing Business as at 31st March 2019.

Reconciliation of deferred tax assets/(liabilities): -

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance as of 1 April	191.38	694.22
Tax income/(expense) during the period recognised in profit or loss	138.82	(466.95)
Tax income/(expense) during the period recognised in OCI	(7.63)	(34.85)
Tax impact on account of SLRFS 109 opening adjustments	41.81	-
Exchange differences	(5.33)	(1.04)
Closing balance	**359.06**	**191.38**

(Rupees in millions, except for share data and unless otherwise stated)

Note 34: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Parent Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Parent Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net profit attributable to ordinary equity holders of the parent	20,780.13	18,298.32
Weighted average number of equity shares for basic earnings per share	400,260,954	399,656,347
Effect of dilution	742,572	1,306,714
Weighted average number of equity shares for diluted earnings per share	**401,003,526**	**400,963,061**
Earnings per share		
Basic earnings per share (Rs.)	**51.92**	**45.79**
Diluted earnings per share (Rs.)	**51.82**	**45.64**

Note 35: Segment Information

The Group is engaged primarily in the business of Financing, where operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Further other business segments do not exceed the quantitative thresholds as defined by the Ind AS 108 on "Operating Segment". Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

(Rupees in millions, except for share data and unless otherwise stated)

Note 36: Retirement Benefit Plan

Defined Contribution Plan

The Group makes contributions to Provident Fund which are defined contribution plan for qualifying employees.

Defined Benefit Plan

The Company and four subsidiaries (AAF, BIFPL, MHIL and MMPL) have defined benefit gratuity plans. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the Group at 15 days salary (last drawn salary) for each completed year of service.

Gratuity schemes are funded by Insurance companies except in the case of MHIL, AAF and MMPL.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Net liability/(assets) recognised in the Balance Sheet

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of funded obligations	1,035.23	846.96
Fair value of planned assets	(915.08)	(887.33)
Defined Benefit obligation/(asset)	**120.15**	**(40.37)**

Net benefit expense recognised in statement of profit and loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	146.27	128.75
Past service cost	-	3.30
Net Interest on net defined benefit liablity/ (asset)	62.01	53.56
Net benefit expense	**208.28**	**185.61**

Balance Sheet

Details of changes in present value of defined benefit obligations as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of defined benefit obligation at the beginning of the year	846.96	780.20
Current service cost	146.27	128.75
Past Service Cost	-	3.30
Interest cost on benefit obligation	62.01	53.56
Re-measurements:		
a. Actuarial loss/(gain) arising from changes in demographic assumptions	-	-
b. Actuarial loss/ (gain) arising from changes in financial assumptions	21.01	(20.68)
c. Actuarial loss/ (gain) arising from experience over the past years	9.98	(47.69)
Benefits paid	(50.55)	(50.31)
FCTR Adjustments	(0.45)	(0.17)
Present value of Defined Benefit obligation at the end of the year	**1,035.23**	**846.96**

(Rupees in millions, except for share data and unless otherwise stated)

Details of changes in fair value of plan assets are as follows: -

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Fair value of plan assets at the beginning of the year	887.33	763.71
Interest income on plan assets	63.48	50.65
Employer contributions	10.29	130.34
Benefits paid	(48.94)	(49.92)
Re-measurements:		
a. Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	2.92	(7.45)
Fair value of plan assets as at the end of the year	**915.08**	**887.33**
Actual return on plan assets	**66.40**	**43.20**
Expected employer contributions for the coming year	**132.20**	**120.47**

Remeasurement (gain)/ loss in other comprehensive income (OCI)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurements on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	21.01	(20.68)
Actuarial gain/(loss) arising from experience over the past years	9.98	(52.10)
Remeasurements on plan assets		
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	(2.93)	11.86
Actuarial gain /(loss) (through OCI)	**28.06**	**(60.92)**

As at March 31, 2019 and March 31, 2018, plan assets of the group were applicable were primarily invested in insurer managed funds.

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salary Growth Rate	6.00% - 10.00% p.a.	6.00% - 10.00% p.a.
Discount Rate	7.00% - 11.00% p.a.	7.00% - 10.00% p.a.
Withdrawal Rate	15.00% - 33.00% p.a.	15.00% - 20.00% p.a.
Mortality	IALM 2012-14 Ult.	IALM 2006-08 Ult.
Interest rate on net DBO/ (Assets)	7.30% p.a.	6.80% p.a.
Expected weighted average remaining working life	55-60 years	55-60 years

(Rupees in millions, except for share data and unless otherwise stated)

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 and March 31, 2018 of the Company, MHIL and MMPL are as below:

Assumptions	Sensitivity Level	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	Increase by 1%	(52.28)	(42.56)
Discount Rate	Decrease by 1%	58.08	47.29
Further Salary Increase	Increase by 1%	57.52	46.97
Further Salary Increase	Decrease by 1%	(52.75)	(43.06)

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 and March 31, 2018 of BIFPL are as below:

Assumptions	Sensitivity Level	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	Increase by 0.50%	(27.64)	(17.33)
Discount Rate	Decrease by 0.50%	29.05	18.17
Further Salary Increase	Increase by 0.50%	29.07	18.20
Further Salary Increase	Decrease by 0.50%	(27.62)	(17.30)

The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses. The weighted average duration of the defined benefit obligation as at March 31, 2019 is 5 years (March 31, 2018: 5 years) for the Company, MHIL and MMPL and 5.8 years as at March 31, 2019 (March 31, 2018: 5.6 years) for BIFPL.The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 and March 31, 2018 of AAF are as below:

Assumptions	Sensitivity Level	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	Increase by 1%	(8.54)	(8.13)
Discount Rate	Decrease by 1%	8.96	8.73
Further Salary Increase	Increase by 1%	8.95	8.73
Further Salary Increase	Decrease by 1%	(8.54)	(8.14)

Description of Asset Liability Matching (ALM) Policy

The Group primarily deploys its gratuity investment assets in insurer-offered debt market-linked plans. As investment returns of the plan are highly sensitive to changes in interest rates, liability movement is broadly hedged by asset movement if the duration is matched.

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the fund are funded by assets. The Group aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

The principal assumptions used in determining leave encashment obligations for the Group's plans are shown below:
The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments, mortality, withdrawals and other relevant factors.

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Note 37: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	Year ended March 31, 2019			Year ended March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	20,056.62	-	20,056.62	6,412.06	-	6,412.06	13,752.62	-	13,752.62
Bank Balance other than above	1,398.07	580.15	1,978.22	825.35	232.80	1,058.15	2,695.05	341.58	3,036.63
Trade receivables	216.75	-	216.75	266.51	-	266.51	161.89	-	161.89
Loans	356,888.69	36,867.89	393,756.58	303,533.07	25,238.45	328,771.52	283,149.21	15,182.68	298,331.89
- Adjustment on account of EIR/ECL	-	-	(6,531.31)	-	-	(6,248.57)	-	-	(5,379.55)
Investments	273.78	1,837.48	2,111.26	1,207.81	564.77	1,772.58	806.25	246.00	1,052.25
- Adjustment on account of EIR/ECL	-	-	-	-	-	-	-	-	-
Other financial assets	889.83	906.02	1,795.85	438.49	874.64	1,313.13	470.66	898.44	1,369.10
Non-financial Assets									
Current tax assets (Net)	20.29	-	20.29	-	-	-	-	-	
Deferred tax assets (net)	-	369.40	369.40	-	191.54	191.54	-	694.30	694.30
Investment property	-	156.97	156.97	-	148.18	148.18	-	130.53	130.53
Property, plant and equipment	-	2,055.82	2,055.82	-	2,046.02	2,046.02	-	2,131.87	2,131.87
Capital Work In Progress	-	228.30	228.30	-	57.37	57.37	0.03	99.75	99.78
Goodwill	-	299.96	299.96	-	212.16	212.16	-	212.16	212.16
Other intangible assets	-	79.85	79.85	-	108.00	108.00	-	99.92	99.92
Other non financial assets	619.42	134.01	753.43	541.95	67.38	609.33	95.79	90.06	185.85
Total assets	**380,363.45**	**43,515.85**	**417,347.99**	**313,225.24**	**29,741.31**	**336,717.98**	**301,131.50**	**20,127.29**	**315,879.24**
Liabilities									
Financial Liabilities									
Derivative financial instruments	-	-	-	-	-	-	59.07	-	59.07
Trade payables	1,664.05	-	1,664.05	1,260.12	-	1,260.12	1,109.00	-	1,109.00
Debt Securities	19,503.21	63,161.26	82,664.47	17,359.70	36,900.56	54,260.26	32,084.61	29,776.61	61,861.22
- Adjustment on account of EIR	-	-	(515.06)	-	-	(282.76)	-	-	(190.27)
Borrowings (other than debt securities)	187,241.06	24,177.18	211,418.24	154,639.11	16,073.69	170,712.80	133,022.70	6,850.16	139,872.86
- Adjustment on account of EIR	-	-	(104.03)	-	-	(8.82)	-	-	(14.73)
Deposits	1,895.29	723.69	2,618.98	1,862.23	790.57	2,652.80	1,891.50	529.87	2,421.37
- Adjustment on account of EIR	-	-	-	-	-	-	-	-	-
Subordinated Liabilities	1,817.69	3,395.10	5,212.79	6,887.22	4,712.77	11,599.99	8,039.66	10,899.78	18,939.44
- Adjustment on account of EIR	-	-	(20.28)	-	-	(27.25)	-	-	(28.54)
Other Financial liabilities	8,507.28	1,958.98	10,466.26	10,702.61	2,802.70	13,505.31	17,290.07	6,723.33	24,013.40
Non-financial Liabilities									
Current tax liabilities (net)	611.94	-	611.94	858.94	5.52	864.46	512.01	-	512.01
Provisions	1,867.17	298.16	2,165.33	2,097.61	181.42	2,279.03	771.46	13.66	785.12
Deferred tax liabilities (net)	5.04	5.30	10.34	-	0.16	0.16	-	0.08	0.08
Other non-financial liabilities	419.19	-	419.19	603.00	-	603.00	605.83	-	605.83
Total Liabilities	**223,531.92**	**93,719.67**	**316,612.22**	**196,270.54**	**61,467.39**	**257,419.10**	**195,385.91**	**54,793.49**	**249,945.86**
Net	**156,831.53**	**(50,203.82)**	**100,735.77**	**116,954.70**	**(31,726.08)**	**79,298.88**	**105,745.59**	**(34,666.20)**	**65,933.38**

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Note 38: Change in liabilities arising from financing activities disclosed as per IND AS 7, Cash flow statements

Particulars	As at March 31, 2018	Cash Flows	Exchange difference	Acquisition of subsidiary	Other	As at March 31, 2019
Debt Securities	53,977.50	28,407.66	-	-	(235.75)	82,149.41
Borrowings other than debt securities	170,703.98	40,698.39	(92.25)	141.88	(137.79)	211,314.21
Deposits	2,652.80	106.23	(140.05)	-	-	2,618.98
Subordinated Liabilities	11,572.74	(6,372.51)	-	-	(7.72)	5,192.51
Total liabilities from financing activities	**238,907.02**	**62,839.77**	**(232.30)**	**141.88**	**(381.26)**	**301,275.11**

Particulars	As at April 01, 2017	Cash Flows	Exchange difference	Acquisition of subsidiary	Other	As at March 31, 2018
Debt Securities	61,670.95	(7,593.85)	-	-	(99.61)	53,977.50
Borrowings other than debt securities	139,858.13	30,867.11	(24.87)	-	3.61	170,703.98
Deposits	2,421.37	283.57	(52.14)	-	-	2,652.80
Subordinated Liabilities	18,910.90	(7,632.49)	-	-	294.33	11,572.74
Total liabilities from financing activities	**222,861.35**	**15,924.34**	**(77.01)**	**-**	**198.33**	**238,907.02**

(Rupees in millions, except for share data and unless otherwise stated)

Note 39: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Contingent Liabilities			
(a) Claims against the company not acknowledged as debt			
(i) Income Tax Demands	2,045.55	67.74	41.68
(ii) Service Tax Demands	5,128.11	5,028.95	5,016.53
(iii) Others	426.97	426.97	26.97
(iv) Disputed claims against the company under litigation not acknowledged as debts	61.45	44.73	88.80
(v) Guarantees - Counter Guarantees Provided to Banks	316.49	222.21	228.69

(B) Commitments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Estimated amount of contracts remaining to be executed on capital account, net of advances, and not provided for	269.28	374.70	331.70
(ii) Promissory notes	316.62	315.13	213.11
(iii) Letter of credit commitments	-	168.07	-
(iv) Asset Backed Securitization to Mpower Capital Limited	395.78	-	-
(v) Commitments related to loans sanctioned but undrawn	1,422.51	1,082.00	362.40

(C) Lease Disclosures
Finance Lease:
The Company has not taken or let out any assets on financial lease.

Operating Lease :
All operating lease agreements entered into by the Company are cancellable in nature. Consequently, disclosure requirement of future minimum lease payments in respect of non-cancellable operating lease as per Ind AS 17 is not applicable to the Company.Consequently, disclosure requirement of future minimum lease payments in respect of non-cancellable operating lease as per Ind AS 17 is not applicable to the Company.All operating lease agreements entered into by the Company are cancellable in nature.

Lease rentals received for assets let out on operating lease Rs. 2.13 millions (March 31, 2018: Rs.2.26 millions) are recognized as income in the Statement of Profit and Loss under the head ‘Other Income’ and lease rental payments for assets taken on an operating lease Rs.2,057.15 millions (March 31, 2018: Rs.1,964.03 millions) are recognized as ‘Rent’ in the Statement of Profit and Loss.

(Rupees in millions, except for share data and unless otherwise stated)

Note 40: Related Party Disclosures

(A) Key Management Personnel	Designation
1. M. G. George Muthoot	Chairman & Wholetime Director
2. George Thomas Muthoot	Wholetime Director
3. George Jacob Muthoot	Wholetime Director
4. George Alexander Muthoot	Managing Director
5. Alexander M. George	Wholetime Director
6. George Joseph	Independent Director
7. Justice (Retd.) K.John Mathew	Independent Director (Retired on September 20, 2017)
8. John K.Paul	Independent Director
9. K.George John	Independent Director
10. Pamela Anna Mathew	Independent Director
11. Jose Mathew	Independent Director
12. Justice (Retd.) Jacob Benjamin Koshy	Independent Director

(B) Enterprises owned or significantly influenced by key management personnel or their relatives

1. Muthoot Vehicle & Asset Finance Limited
2. Muthoot Leisure And Hospitality Services Private Limited
3. MGM Muthoot Medical Centre Private Limited.
4. Muthoot Marketing Services Private Limited.
5. Muthoot Broadcasting Private Limited
6. Muthoot Forex Limited
7. Emgee Board and Paper Mills Private Limited
8. Muthoot Health Care Private Limited
9. Muthoot Precious Metals Corporation
10. GMG Associates
11. Muthoot Commodities Limited
12. Emgee Muthoot Benefit Fund (India) Limited
13. Geo Bros Muthoot Funds (India) Limited
14. Muthoot Investment Advisory Services Private Limited
15. Muthoot Securities Limited
16. Muthoot M George Permanent Fund Limited
17. Muthoot Housing & Infrastructure
18. Muthoot Properties & Investments
19. Venus Diagnostics Limited
20. Muthoot Systems & Technologies Private Limited
21. Muthoot Infopark Private Limited
22.Muthoot Anchor House Hotels Private Limited
23.Marari Beach Resorts Private Limited.
24. Muthoot M George Foundation
25. Muthoot M George Charitable Trust
26. Muthoot M George Institute of Technology

(C) Relatives of Key Management Personnel

1. Sara George w/o M. G. George Muthoot
2. Susan Thomas w/o George Thomas Muthoot
3. Elizabeth Jacob w/o George Jacob Muthoot
4. Anna Alexander w/o George Alexander Muthoot
5. George M. George s/o M. G. George Muthoot
6. George M. Jacob s/o George Jacob Muthoot
7. Reshma Susan Jacob d/o George Jacob Muthoot
8. George Alexander s/o George Alexander Muthoot
9. Eapen Alexander s/o George Alexander Muthoot
10. Anna Thomas d/o George Thomas Muthoot
11. Valsa Kurien w/o George Kurien
12.Tania Thomas d/o George Thomas Muthoot
13. Leela Zachariah sister of M. G. George Muthoot

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Related Party transactions during the year:

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of Travel Tickets for Company Executives/Directors/Customers	-	-	-	-	17.99	4.60
Travel Arrangements for Company Executives/Customers	-	-	-	-	8.15	0.29
Accommodation facilities for Company Executives/Clients/Customers	-	-	-	-	4.15	0.85
Brokerage paid for NCD Public Issue	-	-	-	-	24.02	1.23
Business Promotion Expenses	-	-	-	-	10.01	14.77
CSR Expenses	-	-	-	-	255.01	190.53
Repairs & Maintenance	-	-	-	-	0.22	-
Service Charges	-	-	-	-	*	-
Insurance	-	-	-	-	0.07	-
Foreign Currency purchased for travel	-	-	-	-	0.86	1.42
Interest paid on Loans/ Subordinated debts	257.56	240.44	293.54	316.90	-	-
Interest paid on NCD	0.75	0.75	-	-	-	-
Interest paid on NCD - Listed	-	-	10.47	3.99	15.77	33.59
Directors Remuneration	547.40	427.30	-	-	-	-
Non-executive Directors Remuneration	9.73	6.63	-	-	-	-
Salaries and Allowances	-	-	13.80	12.00	-	-
Loans accepted	2,336.89	4,462.27	2,211.73	3,712.10	-	-
Loans repaid	3,604.96	3,002.61	4,047.63	2,340.81	-	-
Subordinated debts repaid	0.05	0.21	-	-	-	-
Purchase of Listed NCD of the Company	1,170.00	-	1,869.60	65.05	203.09	443.22
Redemption of Listed NCD of the Company	72.10	30.00	7.10	150.12	145.57	455.85
Rent paid	0.80	4.05	0.42	0.79	9.80	4.85
Rent received	-	-	-	-	1.84	1.73
Rent deposit repaid by directors and relatives	1.95	-	0.35	-	-	-
Rent deposit given	-	-	-	-	2.30	-
Term Loan Accepted	-	-	-	-	9.99	2.57
Term Loan Repaid	-	-	-	-	1.37	-
Term Loan Interest Paid	-	-	-	-	0.57	0.01
Dividend paid/ declared	-	1,842.17	-	1,115.81	-	-
Commission Received on Money Transfer business	-	-	-	-	51.77	66.00
Service Charges Collected	-	-	-	-	2.34	5.49
Investment in Equity shares of Subsidiary companies	-	-	99.48	-	-	-
Purchase of Shares of Muthoot Homefin (India) Limited	-	281.60	-	105.60	-	-

*Represents amount less than Rs. 10,000

(Rupees in millions, except for share data and unless otherwise stated)

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	Key Management Personnel			Relatives of Key Management Personnel			Entities over which Key Management Personnel and their relatives are able to exercise significant influence		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
NCD	(5.02)	(5.02)	(0.41)	-	-	(4.63)	-	-	-
Investments in Equity Shares	-	-	-	-	-	-	197.17	163.28	133.58
NCD - Listed	(1,097.90)	-	(30.00)	(2,009.32)	(146.82)	(231.89)	(298.77)	(241.26)	(253.89)
Security Deposit	-	-	-	-	-	-	(40.00)	(40.00)	(40.00)
Rent Deposit	-	1.77	1.77	-	0.30	0.30	3.77	1.47	1.47
Loans & Subordinated Debts	(2,898.88)	(4,167.00)	(2,707.55)	(2,812.20)	(4,648.10)	(3,276.81)	-	-	-
Directors Remuneration Payable	(293.00)	(196.60)	(160.00)	-	-	-	-	-	-
Non-executive Directors Remuneration Payable	(6.28)	(4.77)	(3.62)	-	-	-	-	-	-
Interest payable on NCD	(4.23)	(3.49)	(0.02)	-	-	(0.06)	-	-	-
Interim Dividend payable	-	-	(1,105.30)	-	-	(661.48)	-	-	-
Trade Payables	-	(0.30)	(0.30)	-	(0.06)	(0.06)	(0.97)	(1.68)	(12.51)
Other financial Liabilities	-	-	-	-	-	-	(0.05)	(0.01)	-
Term loan outstanding	-	-	-	-	-	-	(11.19)	(2.57)	-
Trade Receivables	-	-	-	-	-	-	-	79.43	72.81
Other non financial assets	-	-	-	-	-	-	0.22	-	-
Other financial assets	-	-	-	-	-	-	0.31	0.25	-
Amounts payable (net) to related parties	**(4,305.31)**	**(4,375.41)**	**(4,005.43)**	**(4,821.52)**	**(4,794.68)**	**(4,174.63)**	**(149.51)**	**(41.07)**	**(98.54)**

Note
a) Related parties have been identified on the basis of the declaration received by the management and other records available.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particualars	Year Ended March 31, 2019	Year Ended March 31, 2018
Short–term employee benefits	557.13	433.93
Total	**557.13**	**433.93**

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 41: Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

I. The following table shows an analysis if financial instruments recorded at fair value

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2019 is as follows:

Particulars	At Fair Value Through Profit or Loss			
	Level-1	Level-2	Level-3	Total
Investments	124.45	-	-	124.45

Particulars	At Fair Value Through Other Comprehensive Income			
	Level-1	Level-2	Level-3	Total
Investments	-	947.17	-	947.17
Loans	-	-	1,239.27	1,239.27

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2018 is as follows:

Particulars	At Fair Value Through Profit or Loss			
	Level-1	Level-2	Level-3	Total
Investments	1,151.47	-	-	1,151.47

Particulars	At Fair Value Through Other Comprehensive Income			
	Level-1	Level-2	Level-3	Total
Investments	-	163.50	-	163.50
Loans	-	-	520.12	520.12

The carrying amount and fair value measurement hierarchy for assets and liabilities as at April 1, 2017 is as follows:

Particulars	At Fair Value Through Profit or Loss			
	Level-1	Level-2	Level-3	Total
Investments	600.32	-	-	600.32
Derivative Financial Instruments (liability)	59.07	-	-	59.07

Particulars	At Fair Value Through Other Comprehensive Income			
	Level-1	Level-2	Level-3	Total
Investments	-	133.79	-	133.79
Loans	-	-	-	-

(Rupees in millions, except for share data and unless otherwise stated)

Fair value technique

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets at the measurement date. The equity instruments which are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1. Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions are generally Level 1.

Derivative Financial Instruments (liability) at fair value through profit or loss

The financial liability on derivative contracts has been valued at fair value through profit or loss using closing rate and is classified as level 1.

Investments at fair value through other comprehensive income

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured as per fair valuation report on a case-by-case and classified as Level 2 .

Loans at fair value through other comprehensive income

For loans at FVOCI, valuation is done using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

II. The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

31-Mar-19	As at 01 April 2018	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at 01 April 2019
Financial assets at FVOCI							
Loans	520.12	594.28	-	-	107.24	17.63	1,239.28

31-Mar-18	As at 01 April 2017	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at 01 April 2018
Financial assets at FVOCI							
Loans	-	461.61	-	-	48.16	10.35	520.12

III. Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of loans classified at level 3.

Particulars	Level 3 Assets 31 March 2019	Valuation Technique	Significant Unobservable Input
Loans	1,239.28	Discounted Projected cash flow	Discount/Margin Spread

Particulars	Level 3 Assets 31 March 2018	Valuation Technique	Significant Unobservable Input
Loans	520.12	Discounted Projected cash flow	Discount/Margin Spread

The respective subsidiary company (BIFPL) has taken one discount rate to discount the loans. The discount rate taken in March 2019 is 23.55% and in March 2018 is 24.5%. Thus a significant increase in spread above the cost of borrowing would result in lower fair value.

(Rupees in millions, except for share data and unless otherwise stated)

IV. Sensitivity of fair value measurements to changes in unobservable market data

Although the subsidiary company (BIFPL) believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

Particulars	31-Mar-19		31-Mar-18	
	Effect in Other Comprehensive Income		Effect in Other Comprehensive Income	
	Favourable	Unfavourable	Favourable	Unfavourable
Loans	4.57	4.55	1.52	1.51

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are initially measured at fair value and subsequently carried at amortised cost in the financial statements.

Particulars	Level	Carrying Value			Fair Value		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Financial assets							
Cash and cash equivalents	1	20,056.62	6,412.06	13,752.62	20,056.62	6,412.06	13,752.62
Bank Balance other than above	1	1,978.22	1,058.15	3,036.63	1,978.22	1,058.15	3,036.63
Trade receivables	3	216.75	266.51	161.89	216.75	266.51	161.89
Loans	3	385,986.00	322,002.83	292,952.34	384,464.08	322,211.18	292,952.34
Investments	3	1,039.64	457.61	318.13	1,039.64	457.61	318.13
Other Financial assets	3	1,795.85	1,313.13	1,369.10	1,795.85	1,313.13	1,369.10
Total Financial Assets		**411,073.08**	**331,510.29**	**311,590.71**	**409,551.16**	**331,718.64**	**311,590.71**
Financial Liabilities							
Trade Payable	3	1,664.05	1,260.12	1,109.00	1,664.05	1,260.12	1,109.00
Debt Securities	2	82,149.41	53,977.50	61,670.95	82,149.41	53,977.50	61,670.95
Borrowings (other than debt security)	2	211,314.21	170,703.98	139,858.13	211,314.21	170,703.98	139,858.13
Deposits	2	2,618.98	2,652.80	2,421.37	2,618.98	2,652.80	2,421.37
Subordinated Liabilities	2	5,192.51	11,572.74	18,910.90	5,192.51	11,572.74	18,910.90
Other Financial liabilities	3	10,466.26	13,505.31	24,013.40	10,466.26	13,505.31	24,013.40
Total Financial Liabilities		**313,405.42**	**253,672.45**	**247,983.75**	**313,405.42**	**253,672.45**	**247,983.75**

The management assessed that cash and cash equivalents, trade receivables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation techniques

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, trade receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2/Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers
The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.

Fair values of portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics i.e., type of loan. The respective company then calculates and extrapolates the fair value to the entire portfolio using Effective interest rate model that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Financial liability at amortised cost
The fair values of financial liability held-to-maturity are estimated using effective interest rate model based on contractual cash flows using actual yields.

Note 42: Risk Management

Risk is an integral part of the Group's business and sound risk management is critical to the success. Further, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risk associated with the financial assets like loans, investments, cash and cash equivalents, other receivables, etc. and financial liabilities like borrowings, debt securities, subordinate liabilities, trade and other payables. The risk management policy is approved by the Board of Directors.

The Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

A. Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group’s major income generating activity is gold loan, housing loan, receivables through financing activity, vehicle loan, personal loans and others. Therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and investments in debt securities that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, risk of not taking collateral against loans, geographical risk and sector risk for risk management purposes. The Group also follow a systematic methodology in the opening of new branches, which takes into account factors such as demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area.

I. Policies and procedure for credit risk for different products

The Group addresses credit risk by following different processes for different products:

a) Gold Loan

a) Credit risk on Gold loan is considerably reduced as collateral is Gold ornaments which can be easily liquidated and there is only a distant possibility of losses due to adequate margin of 25% or more retained while disbursing the loan. Credit risk is further reduced through a quick but careful collateral appraisal and loan approval process. Hence overall, the credit risk is normally low.

b) Sanctioning powers for Gold Loans is delegated to various authorities at branches/controlling offices. Sanctioning powers is used only for granting loans for legally permitted purposes. The maximum Loan to Value stipulated by the Reserve Bank of India does not exceed under any circumstances.

c) Gold ornaments brought for pledge is the primary responsibility of Branch Manager. Extra care is taken if the gold jewellery brought for pledge by any customer at any one time or cumulatively is more than 20 gm. Branch Manager records the questions asked to the customer for ascertaining the ownership of the gold jewellery and also the responses given by the customer in a register for future reference.

d) Auctions are conducted as per the Auction Policy of the Group and the guidelines issued by Reserve Bank of India. Auction is generally conducted before loan amount plus interest exceeds realizable value of gold. After reasonable time is given to the customers for release after loan becomes overdue and exhausting all efforts for persuasive recovery, auction is resorted to as the last measure in unavoidable cases. Loss on account of auctions are recovered from the customer. Any excess received on auctions are refunded to the customer.

b) Housing loan and Vehicle loan

The credit risk management policy of the Group seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements:

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

Risk assessment and measurement

Group is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment for housing loan and receivables under financing activity.

- Selection of client base - Adequate due diligence is carried out for selection of customers
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring of the group

Risk Mitigation

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan Origination - site screening, independent vist by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend group meeting, reminder of payment of EMI on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances,

c) Receivables under financing activity

Risk Identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of members for group formation eg. (bogus members, defaulters, etc.)
- Adverse selection of groups for undertaking lending activity (unknown members due to geographical vicinity, etc.)
- Gap in credit assessment of borrower’s credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
- Undue Influence of Animator/Representative on group members (misuses of savings of group, etc.)
- Sanction of higher loan amount
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc
- Change in the savings pattern/meeting pattern of group post availing loan (eg. failure of members to deposit minimum savings amount each month, absence of members from meetings, etc.)

Risk assessment and measurement

Group is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation - Adequate due diligence is carried out for selection of women borrowers who are then brought together for SHG formation. (eg. members with same level of income, only one member from family, annual per capita income, etc.)
- Adequate Training and Knowledge of SHG operations
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring of the group

Risk Mitigation

- Loan Origination - site screening, independent vist by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend group meeting, reminder of payment of EMI on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances,

(Rupees in millions, except for share data and unless otherwise stated)

II. Impairment assessment
Definition of default and cure
The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Group's internal credit rating grades and staging criteria for loans are as follows:

Rating	**Loans Days past due (DPD)**	**Stages**
High grade	Not yet due	Stage 1
Standard grade	1-30 DPD	Stage 1
Sub-standard grade	31-60 DPD	Stage 2
Past due but not impaired	61-90 DPD	Stage 2
Impaired	91 DPD or More	Stage 3

Exposure at Default (EAD)
The outstanding balance as at the reporting date is considered as EAD by the Group.

Probability of default (PD)
The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12month ECL. For Stage 2 and Stage 3 financial assets, the possible default events is considered for over the lifetime of the instruments. The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. PD is calculated using Incremental 91 DPD approach considering fresh slippage using historical information.

Based on its review of macro-economic developments and economic outlook, the Group has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at March 31, 2019, March 31, 2018 and 01 April 2017.

Loss Given Default (LGD)
LGD is the estimated loss that the Group might bear if the borrower defaults.The Group determines its recovery (net present value) by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset.

LGD Rates have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

B. Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. The Group mobilises funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The focus is on diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure that credit concerns are addressed and thereby liquidity risk is well addressed.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. The companies in the Group has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

Muthoot Finance Limited
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The table below provide details regarding the contractual maturities of significant financial assets and liabilities (including balances on account of Inter-company transactions) of the Company, BIFPL, MHIL, MMPL and AAF as on:-

Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM	Total
Financial Liabilities										
Payables	1,331.35	6.21	5.99	4.62	303.98	-	-	-	-	**1,652.15**
Debt Securities	2,077.81	3,944.32	773.67	1,354.47	11,371.32	45,160.13	17,982.75	-	(515.06)	**82,149.41**
Borrowings (other than Debt Securities)	9,944.81	15,431.66	25,482.04	3,511.35	135,398.71	21,446.96	3,131.59	2,266.61	(104.03)	**216,509.71**
Deposits	-	-	821.72	-	1,073.57	570.19	-	153.50	-	**2,618.98**
Subordinated Liabilities	239.50	336.50	34.50	331.74	875.45	1,659.00	1,231.17	504.93	(20.28)	**5,192.51**
Other Financial liabilities	2,394.51	661.98	3,352.78	539.85	1,065.92	1,364.52	486.83	119.27	-	**9,985.67**
Financial assets										
Cash and cash equivalents	18,443.38	579.69	554.79	-	-	-	-	-	-	**19,577.86**
Bank Balance	73.97	121.25	147.79	56.47	427.02	488.59	-	-	-	**1,315.09**
Receivables	144.90	-	-	24.23	-	-	-	-	-	**169.13**
Loans	71,621.17	55,705.11	46,608.41	88,032.37	89,816.96	32,256.04	4,662.10	11,262.90	(6,531.30)	**393,433.76**
Investments	-	-	133.84	-	139.93	20.34	30.60	9,774.62	-	**10,099.34**
Other Financial assets	177.14	8.58	-	62.13	73.27	894.85	15.95	1.10	-	**1,233.03**

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM	Total
Financial Liabilities										
Payables	803.97	-	-	60.22	374.68	-	-	-	-	**1,238.87**
Debt Securities	2,403.12	1,862.50	673.04	1,105.10	11,315.93	33,536.88	3,518.99	14.68	(282.76)	**54,147.47**
Borrowings (other than Debt Securities)	1,656.39	17,117.66	15,073.09	3,665.69	117,268.55	9,512.41	7,352.97	1,405.80	(8.82)	**173,043.74**
Deposits	-	-	556.44	-	1,305.79	593.01	-	197.56	-	**2,652.80**
Subordinated Liabilities	435.10	669.94	553.82	2,735.22	2,185.39	2,511.00	1,235.16	1,274.36	(27.25)	**11,572.74**
Other Financial liabilities	3,743.13	895.37	683.19	2,574.97	2,757.61	2,271.66	369.69	161.35	-	**13,456.97**
Financial assets										
Cash and cash equivalents	5,874.99	2.44	276.53	-	-	-	-	-	-	**6,153.96**
Bank Balance	83.51	10.00	-	21.09	431.32	498.54	12.69	-	-	**1,057.15**
Receivables	213.66	-	-	19.27	-	-	-	-	-	**232.93**
Loans	57,606.18	44,703.21	38,877.61	76,027.86	86,296.32	15,531.63	826.69	11,346.95	(6,248.57)	**324,967.88**
Investments	849.99	-	260.10	10.21	-	300.31	30.58	3,613.17	-	**5,064.36**
Other Financial assets	0.04	0.11	198.72	185.19	68.44	863.03	0.01	10.44	-	**1,325.98**

(Rupees in millions, except for share data and unless otherwise stated)

Maturity pattern of assets and liabilities as on April 01, 2017:

Particulars	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM	Total
Financial Liabilities										
Derivative financial instruments	59.07	-	-	-	-	-	-	-	-	**59.07**
Payables	508.39	-	-	181.76	413.40	-	-	-	-	**1,103.55**
Debt Securities	3,078.51	2,042.15	2,014.48	11,173.66	13,775.26	28,568.36	1,202.12	106.69	(190.27)	**61,770.96**
Borrowings (other than Debt Securities)	2,243.79	18,409.00	14,495.54	816.28	97,029.72	5,805.99	785.50	473.43	(14.73)	**140,044.52**
Deposits	-	-	710.17	-	1,181.34	407.71	-	322.16	-	**2,621.37**
Subordinated Liabilities	409.81	948.62	629.13	2,354.22	3,697.88	7,897.16	1,559.00	1,243.62	(28.54)	**18,710.91**
Other Financial liabilities	5,588.15	1,224.03	952.50	3,960.33	5,525.51	6,119.19	490.72	113.42	-	**23,973.84**
										-
Financial assets										-
Cash and cash equivalents	13,425.14	3.47	256.53	-	-	-	-	-	-	**13,685.14**
Bank Balance	2,465.85	18.75	23.00	95.87	106.63	325.30	0.24	-	-	**3,035.64**
Receivables	117.12	2.74	-	19.95	-	-	-	-	-	**139.82**
Loans	54,549.69	37,500.87	32,893.56	75,254.24	82,892.58	11,318.08	359.71	3,783.59	(5,379.55)	**293,172.78**
Investments	-	600.16	206.09	-	-	10.22	30.35	2,136.55	(0.02)	**2,983.34**
Other Financial assets	0.25	0.24	111.98	0.13	292.63	889.58	0.02	6.10	-	**1,300.91**

C. Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. The Group is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources. Majority of our borrowings are at fixed rates . However , borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Group seek to optimize borrowing profile between short-term and long-term loans. The Group adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

(Rupees in millions, except for share data and unless otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings, as follows:

Muthoot Finance Limited

Particulars	Effect on Statement of Profit and loss for the year 2018-19	Effect on Statement of Profit and loss for the year 2017-18
1% increase in interest rates	1,200.28	1,072.50
1% decrease in interest rates	(1,200.28)	(1,072.50)

Belstar Investment and Finance Private Limited

Particulars	Effect on Statement of Profit and loss for the year 2018-19	Effect on Statement of Profit and loss for the year 2017-18
0.50% increase interest rate	(79.14)	(60.87)
0.50% decrease in interest rate	79.14	60.87

Muthoot Money Private Limited

Particulars	Effect on Statement of Profit and loss for the year 2018-19	Effect on Statement of Profit and loss for the year 2017-18
1% increase in interest rates	4.42	0.35
1% decrease in interest rates	(4.42)	(0.35)

Muthoot Homefin (India) Limited

Particulars	Effect on Statement of Profit and loss for the year 2018-19	Effect on Statement of Profit and loss for the year 2017-18
1% increase	132.48	58.21
1% decrease	(132.48)	(58.21)

Price Risk

For Gold loan

Sudden fall in the gold price and fall in the value of the pledged gold ornaments can result in some of the customers to default if the loan amount and interest exceeds the market value of gold. This risk is in part mitigated by a minimum 25% margin retained on the value of jewellery for the purpose of calculation of the loan amount. Further, we appraise the jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of gold ornaments falls below the value of the repayment amount. An occasional decrease in gold prices will increase price risk significantly on account of our adequate collateral security margins. However, a sustained decrease in the market price of gold can additionally cause a decrease in the size of our loan portfolio and our interest income.

For Housing loan and receivables under financing activity

The Group's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Group has a board approved policy of investing its surplus funds in highly rated debt mutual fundsand other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like ours when interest rates fall.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has a foreign subsidiary in Srilanka. Hence, the Group is exposed to the risk of fluctuations on change in exchange rates.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

(Rupees in millions, except for share data and unless otherwise stated)

Note 43: Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Group and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2019 together with interest paid /payable are required to be furnished. Based on and to the extent on information received by the Group from the Suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act) there are no amounts due to the suppliers registered under MSMED Act, 2006.

Note 44: Dividend remitted in foreign currency

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend remitted in foreign currency (Rs.)	-	17.23
No. of non-resident shareholders to which this relates	-	1
No. of equity shares of face value of Rs. 10/- held by them	-	2,871,514
Financial year to which dividend relates	-	FY 2016-2017

Note 45: Frauds during the year

During the year , frauds committed by employees and customers of the Group amounted to Rs.42.41 millions (March 31, 2018: Rs.40.57 millions) which has been recovered /written off / provided for. Of the above, fraud by employees of the company amounted to Rs.37.59 millions (March 31,2018: Rs.31.35 millions).

Note 46: Standard issued but not yet effective

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases ,and related Interpretations. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The Standard sets out the principles for recognition, measurement presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Company is in the process of evaluating the impact on application of Ind AS 116 with respect to lease arrangements entered into on its financial statements.

Ind AS 12 Appendix C: Uncertainty over Income tax Treatments: On March 30, 2019,Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit,(or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the profitability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for the adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.The Company is in the process of evaluating the impact on application of this standard on its financial statements.

Amendment to Ind AS 12 - Income Taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 , 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements.

Amendment to Ind AS 19 - plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements.

Note 47: Utilization of proceeds of Public Issue of Non - Convertible Debentures

The Company has during the year raised through public issue Rs.37,094.57 millions of Secured Redeemable Non-Convertible Debentures. As at March 31, 2019, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

(Rupees in millions, except for share data and unless otherwise stated)

Note 48: Share based payments

Pursuant to approval by the shareholders at their meeting held on September 27, 2013, the company has established "Muthoot ESOP 2013" scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on March 31, 2019. The fair value of the share options is estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

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The Company has formulated various share-based payment schemes for its employees. Details of all grants in operation during the year ended March 31, 2019 are as given below:

Particulars	**Tranche 1**		
Scheme Name	**Grant A**	**Grant B**	**Loyalty**
Date of grant	November 09, 2013	November 09, 2013	November 09, 2013
Date of Board approval	November 09, 2013	November 09, 2013	November 09, 2013
Method of settlement	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share
No. of options granted	3711200	1706700	1571075
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10
Vesting period	1-5 years	2-6 years	1-2 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-			
1st vesting "12 months from the date of grant (for Grant A & Loyalty)" and "24 months from the date of grant (for Grant B)"	November 09, 2014	November 09, 2015	November 09, 2014
2nd vesting "On expiry of one year from the 1st vesting date"	November 09, 2015	November 09, 2016	November 09, 2015
3rd vesting "On expiry of one year from the 2nd vesting date"	November 09, 2016	November 09, 2017	-
4th vesting "On expiry of one year from the 3rd vesting date"	November 09, 2017	November 09, 2018	-
5th vesting "On expiry of one year from the 4th vesting date"	November 09, 2018	November 09, 2019	-
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years

Muthoot Finance Limited
Notes to financial statements for the year ended 31 March 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 2**			**Tranche 3**
Scheme Name	**Grant A**	**Grant B**	**Loyalty**	**Grant A**
Date of grant	July 08, 2014	July 08, 2014	July 08, 2014	March 06, 2015
Date of Board approval	July 08, 2014	July 08, 2014	July 08, 2014	March 06, 2015
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share
No. of options granted	456000	380900	6100	325000
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10	Rs. 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-				
1st vesting "12 months from the date of grant (for Grant A & Loyalty)" and "24 months from the date of grant (for Grant B)"	July 08, 2015	July 08, 2016	July 08, 2015	March 06, 2016
2nd vesting "On expiry of one year from the 1st vesting date"	July 08, 2016	July 08, 2017	July 08, 2016	March 06, 2017
3rd vesting "On expiry of one year from the 2nd vesting date"	July 08, 2017	July 08, 2018	-	March 06, 2018
4th vesting "On expiry of one year from the 3rd vesting date"	July 08, 2018	July 08, 2019	-	March 06, 2019
5th vesting "On expiry of one year from the 4th vesting date"	July 08, 2019	July 08, 2020	-	March 06, 2020
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years	8 Years

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 4**		
Scheme Name	**Grant A**	**Grant B**	**Loyalty**
Date of grant	June 27, 2016	June 27, 2016	June 27, 2016
Date of Board approval	June 27, 2016	June 27, 2016	June 27, 2016
Method of settlement	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share
No. of options granted	390400	728300	8150
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10
Vesting period	1-5 years	2-6 years	1-2 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-			
1st vesting "12 months from the date of grant (for Grant A & Loyalty)" and "24 months from the date of grant (for Grant B)"	June 27, 2017	June 27, 2018	June 27, 2017
2nd vesting "On expiry of one year from the 1st vesting date"	June 27, 2018	June 27, 2019	June 27, 2018
3rd vesting "On expiry of one year from the 2nd vesting date"	June 27, 2019	June 27, 2020	-
4th vesting "On expiry of one year from the 3rd vesting date"	June 27, 2020	June 27, 2021	-
5th vesting "On expiry of one year from the 4th vesting date"	June 27, 2021	June 27, 2022	-
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 5**		
Scheme Name	**Grant A**	**Grant B**	**Loyalty**
Date of grant	August 07, 2017	August 07, 2017	August 07, 2017
Date of Board approval	August 07, 2017	August 07, 2017	August 07, 2017
Method of settlement	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share
No. of options granted	248200	342900	1150
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10
Vesting period	1-5 years	2-6 years	1-2 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-			
1st vesting "12 months from the date of grant (for Grant A & Loyalty)" and "24 months from the date of grant (for Grant B)"	August 07, 2018	August 07, 2019	August 07, 2018
2nd vesting "On expiry of one year from the 1st vesting date"	August 07, 2019	August 07, 2020	August 07, 2019
3rd vesting "On expiry of one year from the 2nd vesting date"	August 07, 2020	August 07, 2021	-
4th vesting "On expiry of one year from the 3rd vesting date"	August 07, 2021	August 07, 2022	-
5th vesting "On expiry of one year from the 4th vesting date"	August 07, 2022	August 07, 2023	-
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years

(Rupees in millions, except for share data and unless otherwise stated)

II Computation of fair value of options granted during the year

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche 1		
	Grant A	**Grant B**	**Loyalty**
Share price on the date of grant (Rs.)	Rs. 117.30	Rs. 117.30	Rs. 117.30
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10
Expected volatility (%)	57.68%	57.68%	57.68%
Life of the options granted (years)			
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years
Weighted average contractual life	4 years	5 years	2 years
Risk-free interest rate (%)	8.4% - 8.8% p.a.	8.4%-8.95% p.a.	8.4% -8.45% p.a.
Expected dividend yield (%)	3.84 % p.a.	3.84 % p.a.	3.84 % p.a.
Model used	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 68.75 (Nov 9, 2014)	Rs 70.21 (Nov 9, 2015)	Rs 102.01 (Nov 9, 2014)
	Rs 70.21 (Nov 9, 2015)	Rs 71.13 (Nov 9, 2016)	Rs 98.64 (Nov 9, 2015)
	Rs 71.13 (Nov 9, 2016)	Rs 71.52 (Nov 9, 2017)	-
	Rs 71.52 (Nov 9, 2017)	Rs 71.47 (Nov 9, 2018)	-
	Rs 71.47 (Nov 9, 2018)	Rs 71.11 (Nov 9, 2019)	-

Particulars	Tranche 2			Tranche 3
	Grant A	**Grant B**	**Loyalty**	**Grant A**
Share price on the date of grant (Rs.)	Rs. 184.30	Rs. 184.30	Rs. 184.30	Rs. 219.05
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10	Rs. 50
Expected volatility (%)	53.96%	53.96%	53.96%	34.50%
Life of the options granted (years)				
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years	1.5-5.5 years
Weighted average contractual life	4 years	5 years	2 years	4 years
Risk-free interest rate (%)	8.26% - 8.35% p.a.	8.24% - 8.32% p.a.	8.32% - 8.35% p.a.	7.45% - 7.60 % p.a.
Expected dividend yield (%)	3.26% p.a.	3.26% p.a.	3.26% p.a.	2.74% p.a.
Model used	Black Scholes Model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 131.77 (July 8, 2015)	Rs 130.56 (July 8, 2016)	Rs 166.69 (July 8, 2015)	Rs 165.61 (Mar 6, 2016)
	Rs 130.56 (July 8, 2016)	Rs 129.33 (July 8, 2017)	Rs 161.77 (July 8, 2016)	Rs 163.16 (Mar 6, 2017)
	Rs 129.33 (July 8, 2017)	Rs 127.91 (July 8, 2018)	-	Rs 160.66 (Mar 6, 2018)
	Rs 127.91 (July 8, 2018)	Rs 126.26 (July 8, 2019)	-	Rs 158.13 (Mar 6, 2019)
	Rs 126.26 (July 8, 2019)	Rs 124.39 (July 8, 2020)	-	Rs 155.57 (Mar 6, 2020)

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	Tranche 4		
	Grant A	**Grant B**	**Loyalty**
Share price on the date of grant (Rs.)	Rs. 280.35	Rs. 280.35	Rs. 280.35
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10
Expected volatility (%)	36.98%	36.98%	36.98%
Life of the options granted (years)			
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years
Weighted average contractual life	4 years	5 years	2 years
Risk-free interest rate (%)	6.91% - 7.41% p.a.	7.08% - 7.47% p.a.	6.91% - 7.08% p.a.
Expected dividend yield (%)	2.14% p.a.	2.14% p.a.	2.14% p.a.
Model used	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 226.42 (June 27, 2017)	Rs 223.87 (June 27, 2018)	Rs 262.48 (June 27, 2017)
	Rs 223.87 (June 27, 2018)	Rs 221.34 (June 27, 2019)	Rs 257.37 (June 27, 2018)
	Rs 221.34 (June 27, 2019)	Rs 218.80 (June 27, 2020)	-
	Rs 218.80 (June 27, 2020)	Rs 216.20 (June 27, 2021)	-
	Rs 216.20 (June 27, 2021)	Rs 213.54 (June 27, 2022)	-

Particulars	Tranche 5		
	Grant A	**Grant B**	**Loyalty**
Share price on the date of grant (Rs.)	Rs. 473.00	Rs. 473.00	Rs. 473.00
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10
Expected volatility (%)	40.24%	40.24%	40.24%
Life of the options granted (years)			
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years
Weighted average contractual life	5 years	6 years	2 years
Risk-free interest rate (%)	6.16% - 6.59% p.a.	6.27% - 6.67% p.a.	6.16% - 6.27% p.a.
Expected dividend yield (%)	1.27% p.a.	1.27% p.a.	1.27% p.a.
Model used	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 416.95 (August 7, 2018)	Rs 413.92 (August 7, 2019)	Rs 452.31 (August 7, 2018)
	Rs 413.92 (August 7, 2019)	Rs 410.90 (August 7, 2020)	Rs 447.05 (August 7, 2019)
	Rs 410.90(August 7, 2020)	Rs 407.88 (August 7, 2021)	-
	Rs 407.88(August 7, 2021)	Rs 404.82 (August 7, 2022)	-
	Rs 404.82(August 7, 2022)	Rs 401.71 (August 7, 2023)	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is estimated by the actual movement in share prices of the company for one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuosly compounded rates of daily stock returns.

(Rupees in millions, except for share data and unless otherwise stated)

III Reconciliation of options

Particulars	**Tranche 1**		
Financial Year 2018-19	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2018	438,600	136,395	17,662
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	352,380	48,490	4,400
Expired / lapsed during the year	39,170	25,945	13,262
Options outstanding at March 31, 2019	47,050	61,960	-
Options exercisable at March 31, 2019	47,050	8,530	-
Weighted average remaining contractual life (in years)	-	0.61	-
Weighted average share price at the time of exercise*	487.20	491.66	455.92

Particulars	**Tranche 2**			**Tranche 3**
Financial Year 2018-19	**Grant A**	**Grant B**	**Loyalty**	**Grant A**
Options outstanding at April 1, 2018	159,865	48,200	-	223,750
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	70,505	8,755	-	70,000
Expired / lapsed during the year	2,150	8,870	-	-
Options outstanding at March 31, 2019	87,210	30,575	-	153,750
Options exercisable at March 31, 2019	5,640	5,715	-	56,250
Weighted average remaining contractual life (in years)	0.27	0.82	-	0.93
Weighted average share price at the time of exercise*	467.18	467.07	-	486.29

Particulars	**Tranche 4**		
Financial Year 2018-19	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2018	254,220	330,300	4,087
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	32,890	11,180	2,512
Expired / lapsed during the year	32,085	145,890	200
Options outstanding at March 31, 2019	189,245	173,230	1,375
Options exercisable at March 31, 2019	9,620	7,990	1,375
Weighted average remaining contractual life (in years)	1.38	2.02	-
Weighted average share price at the time of exercise*	468.21	488.95	460.00

Particulars	**Tranche 5**		
Financial Year 2018-19	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2018	226,100	231,000	1,150
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	18,590	-	375
Expired / lapsed during the year	8,610	64,900	-
Options outstanding at March 31, 2019	198,900	166,100	775
Options exercisable at March 31, 2019	3,510	-	200
Weighted average remaining contractual life (in years)	2.13	2.86	0.35
Weighted average share price at the time of exercise*	467.32	-	469.52

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 1**		
Financial Year 2017-18	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2017	902,790	286,205	29,224
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	358,010	55,570	10,387
Expired / lapsed during the year	106,180	94,240	1,175
Options outstanding at March 31, 2018	438,600	136,395	17,662
Options exercisable at March 31, 2018	42,390	13,855	17,662
Weighted average remaining contractual life (in years)	0.61	1.16	-
Weighted average share price at the time of exercise*	430.10	424.96	421.51

Particulars	**Tranche 2**			**Tranche 3**
Financial Year 2017-18	**Grant A**	**Grant B**	**Loyalty**	**Grant A**
Options outstanding at April 1, 2017	231,350	108,510	200	274,900
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	57,510	7,845	200	51,150
Expired / lapsed during the year	13,975	52,465	-	-
Options outstanding at March 31, 2018	159,865	48,200	-	223,750
Options exercisable at March 31, 2018	4,710	4,475	-	45,000
Weighted average remaining contractual life (in years)	0.82	1.41	-	1.48
Weighted average share price at the time of exercise*	437.85	432.60	415.74	400.60

Particulars	**Tranche 4**		
Financial Year 2017-18	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2017	350,700	646,200	7,825
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	22,180	-	2,838
Expired / lapsed during the year	74,300	315,900	900
Options outstanding at March 31, 2018	254,220	330,300	4,087
Options exercisable at March 31, 2018	7,350	-	825
Weighted average remaining contractual life (in years)	2.02	2.74	0.24
Weighted average share price at the time of exercise*	447.90	-	465.98

Particulars	**Tranche 5**		
Financial Year 2017-18	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2017	-	-	-
Granted during the year	248,200	342,900	1,150
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Expired / lapsed during the year	22,100	111,900	-
Options outstanding at March 31, 2018	226,100	231,000	1,150
Options exercisable at March 31, 2018	-	-	-
Weighted average remaining contractual life (in years)	2.86	3.86	0.85
Weighted average share price at the time of exercise*	-	-	-

* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in respective financial year.
The Company has used Fair value method for accounting of Share based payments cost.

(Rupees in millions, except for share data and unless otherwise stated)

Note 49: Business combinations and acquisition of non-controlling interests

Muthoot Money Private Limited

On 31 October 2018, the Group acquired 100% of the voting shares of Muthoot Money Private Limited, a non-listed company based in India and specialising in the financing vehicle loans, in exchange for the Group's shares.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of MMPL as at the date of acquisition were:

Working for control acquired in MMPL: -

Assets	**Amount**
Cash and cash equivalents	37.35
Loans	1,113.67
Other financial assets	0.80
Property, Plant and Equipment (Note 11)	6.35
Other intangible assets (Note 12)	1.05
Other non financial assets	0.45
	1,159.67
Borrowings (other than debt securities)	(141.88)
Other financial liabilities	(5.39)
Deferred tax liabilities (net)	(0.32)
Other non financial liabilities	(0.41)
	(148.00)
Total identifiable net assets at fair value	**1,011.67**
Non-controlling interests measured at fair value	-
Goodwill arising on acquisition	87.80
Purchase consideration transferred	**1,099.47**

Purchase consideration	**Amount**
Cash consideration	1,099.47
Total Purchase consideration	**1,099.47**

Analysis of cash flows on acquisition:	**Amount**
Net cash acquired with the subsidiary	37.35
Net cash paid on acquisition (included in cash flows from investing activities)	(1,099.47)
Net cash flow on acquisition	**(1,062.12)**

Belstar Investment and Finance Private Limited

During the year, the company subscribed to 87,27,755 equity shares for a consideration of Rs.1,368.25 millions and acquired 11,21,366 equity shares of Rs. 173.81 millions of Belstar Investment and Finance Private Limited. As at March 31, 2019, the total shareholding in Belstar Investment and Finance Private Limited, is 2,62,66,580 equity shares (March 31, 2018: 16,417,459 equity shares) representing 70.01% (March 31, 2018: 66.61%) of their total equity share capital.

Muthoot Homefin (India) Limited

During the year, the company subscribed to 2,14,28,571 equity shares in Muthoot Homefin (India) Limited for a consideration of Rs.1,499.99 millions. As at March 31, 2019, the total share holding in Muthoot Homefin (India) Limited is 119,155,843 equity shares (March 31, 2018: 97,727,272 equity shares) representing 100% (March 31, 2018: 100.00%) of their total equity share capital.

Asia Asset Finance Plc

During the year, the company subscribed to 25,113,179 equity shares of Asia Asset Finance Plc for a consideration of Rs.100.45 millions increasing the shareholding to 69.17% (March 31, 2018: 60.00%) of their total equity share capital.

Muthoot Asset management Private Limited

During the year,the Company incorporated a wholly owned subsidiary Muthoot Asset Management Pvt. Ltd by infusing Rs. 510.00 millions.

Muthoot Trustee Private Limited

During the year, the Company incorporated a wholly owned subsidiary Muthoot Trustee Private Limited by infusing Rs.1 million.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 50: Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at March 31, 2019		Share in profit or loss for the year ended March 31, 2019		Share in other comprehensive income for the year ended March 31, 2019	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss	Amount	As a % of consolidated other comprehensive income	Amount
Parent						
Muthoot Finance Limited	89.39%	90,044.56	93.78%	19,721.45	(29.54%)	7.16
Subsidiaries						
Indian						
1. Muthoot Insurance Brokers Private Limited	0.42%	426.62	0.72%	150.46	-	-
2. Belstar Investment and Finance Private Limited	2.79%	2,811.50	2.36%	495.25	(24.99%)	6.06
3. Muthoot Homefin (India) Limited	3.91%	3,941.78	1.72%	362.65	(0.50%)	0.12
4. Muthoot Money Private Limited	1.03%	1,034.93	0.11%	23.26	-	-
5. Muthoot Asset Management Company Limited	0.51%	512.23	0.01%	2.23	-	-
6. Muthoot Trustee Private Limited	-	1.00	0.00%	*	-	-
Foreign						
1. Asia Asset Finance, PLC, Srilanka	0.54%	539.38	0.12%	24.83	100.91%	(24.46)
Non-controlling interests in all subsidiaries						
Indian subsidiaries	1.18%	1,190.25	1.11%	233.27	(11.77%)	2.85
Foreign subsidiary	0.23%	233.52	0.08%	16.21	65.88%	(15.97)
Total		**100,735.77**		**21,029.61**		**(24.24)**

*Repesents less than Rs. 10,000
Note : The amounts stated above have been considered from the respective financial statements of the companies, without adjusting the intercompany transactions.

Note 51: First-time Adoption of Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by RBI (Indian GAAP or previous GAAP).
Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 01, 2017, the Group's date of transition to Ind AS. These financial results may require further adjustments, if any, necessitated by the guidelines/clarifications/directions issued in the future by RBI, Ministry of Corporate Affairs, or other regulators, which will be implemented as and when the same are issued and made applicable. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable IND AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to IND AS.

A) Optional Exemptions

Business Combination

Ind AS 101 provides the option to apply IND AS 103 prospectively from the transition date or from a specific date prior to transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply IND AS 103 prospectively to business combinations occurring after its transition date. Business combination occurring prior to transition date have not been restated.

Cumulative translation difference

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from applying cumulative translation differences in accordance with IND AS 21 from the date a subsidiary or equity method investee was formed or acquired.
The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

> Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Deemed Cost
IND AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40

Accordingly, the Group has elected to measure all its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Designation of previously recognised financial instruments
Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to IND AS.

The Group has elected to designate investment in equity instruments at FVOCI.

> Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.
The Group has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.

> As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "Derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. For example, if a first time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind AS, it shall not recognise those assets and liabilities in accordance with Ind AS (unless they qualify for recognition as a result of a later transaction or event).

> As per Para 8D - 8G of Ind AS 101, an entity shall apply the exception to the retrospective application of "Impairment of Financial Assets", which is as per Section 5.5 of Ind AS 109.

B) Mandatory exceptions

Estimates:
The estimates at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
> Impairment of financial assets based on expected credit loss model
> Fair valuation of financials instruments carried at FVTPL
> Determination of discounted value for financial instruments carried at amortized cost
> Investment in equity instruments carried at FVOCI and FVTPL
The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2017, the date of transition to Ind AS and as of March 31, 2018.

Classification and Measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Non Controlling Interest
IND AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owner of the parent and to the non-controlling interests. This requirements needs to be followed even if this results in the non controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition.

De-recognition of financial assets and liabilities
Ind AS 101 requires a first time adopter to apply the de-recognition provisions of IND AS 109 prospectively for transactions occurring on or after the date of transition to IND AS. However IND AS 101, allows a first time adopter to apply the de- recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

BIFPL has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Equity reconciliation for April 01,2017

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		13,752.62	-	13,752.62
Bank Balance other than above		3,036.63	-	3,036.63
Trade receivables		161.89	-	161.89
Loans (net of provision)	a, f, i, j	293,475.34	(523.00)	292,952.34
Investments	c, d	965.33	86.92	1,052.25
Other financial assets		1,362.36	6.74	1,369.10
Total (A)		**312,754.17**	**(429.34)**	**312,324.83**
Non-financial assets				
Deferred tax assets (net)	h	635.06	59.24	694.30
Investment property		130.53	-	130.53
Property, plant and equipment		2,131.87	-	2,131.87
Capital work-in-progress		99.78	-	99.78
Goodwill		212.16	-	212.16
Other Intangible assets		99.92	-	99.92
Other non-financial assets		185.85	-	185.85
Total (B)		**3,495.17**	**59.24**	**3,554.41**
Total Assets (A+B)		**316,249.34**	**(370.10)**	**315,879.24**
Liabilities and equity				
Liabilities				
Financial liabilities				
Derivative financial instruments	e	-	59.07	59.07
Payables		1,109.00	-	1,109.00
Debt securities	b	61,863.21	(192.26)	61,670.95
Borrowings (other than debt securities)	b, i, j	139,910.84	(52.71)	139,858.13
Deposits		2,421.37	-	2,421.37
Subordinated Liabilities	b, i, k	18,938.40	(27.50)	18,910.90
Other financial liabilities		24,013.40	-	24,013.40
Total (C)		**248,256.22**	**(213.40)**	**248,042.82**
Non-financial liabilities				
Current tax liabilities (net)		512.01	-	512.01
Provisions	f	775.59	9.53	785.12
Deferred tax liabilities (net)	h	-	0.08	0.08
Other non-financial liabilities		605.83	-	605.83
Total (D)		**1,893.43**	**9.61**	**1,903.04**
Total Liabilities (C+D)		**250,149.65**	**(203.79)**	**249,945.86**
Equity Share Capital		3,994.76	-	3,994.76
Other Equity		61,385.64	(171.13)	61,214.51
Total equity		**65,380.40**	**(171.13)**	**65,209.27**
Non-controlling interest		719.38	**4.73**	**724.11**
Total liabilities and equity		**316,249.43**	**(370.19)**	**315,879.24**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Equity reconciliation for March 31, 2018

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		6,412.06	-	6,412.06
Bank Balance other than above		1,058.15	-	1,058.15
Trade receivables		266.51	-	266.51
Loans (net of provision)	a, f, i, j	321,779.02	743.93	322,522.95
Investments	c	1,656.63	115.95	1,772.58
Other financial asset		1,313.13	-	1,313.13
Total (A)		**332,485.50**	**859.88**	**333,345.38**
Non-financial assets				
Deferred tax assets (net)	h	414.69	(223.15)	191.54
Investment property		148.18	-	148.18
Property, plant and equipment		2,054.13	(8.11)	2,046.02
Capital work-in-progress		57.37	-	57.37
Goodwill	l	482.95	(270.79)	212.16
Other Intangible assets		118.49	(10.49)	108.00
Other non-financial assets		607.54	1.79	609.33
Total (B)		**3,883.35**	**(510.75)**	**3,372.60**
Total Assets (A+B)		**336,368.85**	**349.13**	**336,717.98**
Liabilities and equity				
Liabilities				
Financial liabilities				
Derivative financial instruments		-	-	-
Payables		1,260.12	-	1,260.12
Debt securities	b	54,267.37	(289.87)	53,977.50
Borrowings (other than debt securities)	b, i , j	170,164.66	539.32	170,703.98
Deposits		2,652.80	-	2,652.80
Subordinated liabilities	b, k	11,306.95	265.79	11,572.74
Other financial liability		13,505.25	0.06	13,505.31
Total (C)		**253,157.15**	**515.30**	**253,672.45**
Non-financial liabilities				
Current tax liabilities (net)		864.46	-	864.46
Provisions	f	2,259.88	19.15	2,279.03
Deferred tax liabilities (net)	h	-	0.16	0.16
Other non-financial liabilities		603.00	-	603.00
Total (D)		**3,727.34**	**19.31**	**3,746.65**
Total Liabilities (C+D)		**256,884.49**	**534.61**	**257,419.10**
Equity Share Capital		4,000.41	-	4,000.41
Other Equity		74,422.88	142.46	74,565.34
Total equity		**78,423.29**	**142.46**	**78,565.75**
Non-controlling interest		**1,061.07**	**(327.94)**	**733.13**
Total liabilities and equity		**336,368.85**	**349.13**	**336,717.98**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Muthoot Finance Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Profit reconciliation for the year ended March 31, 2018

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	a, f, j	64,513.89	1,609.72	66,123.61
Dividend income		4.86	0.08	4.94
Net gain on fair value changes	c	68.82	60.36	129.18
Sale of services		227.46	-	227.46
Service charges	a	1,543.60	(902.22)	641.38
Total revenue from operations		**66,358.63**	**767.94**	**67,126.57**
Other Income		690.28	-	690.28
Total Income		**67,048.91**	**767.94**	**67,816.85**
Expenses				
Finance costs	b	21,323.76	(52.39)	21,271.37
Impairment on financial instruments		2,711.72	1.30	2,713.02
Employee benefits expenses	g	8,334.75	145.12	8,479.87
Depreciation and amortisation		500.27	18.99	519.26
Other expenses		5,456.01	(43.46)	5,412.55
Total expenses		**38,326.51**	**69.56**	**38,396.07**
Profit /(loss) before exceptional items and tax		28,722.40	698.38	29,420.78
Exceptional items		-	-	-
Profit/(loss) before tax		**28,722.40**	**698.38**	**29,420.78**
Tax Expense:				
(1) Current tax		10,411.53	-	10,411.53
(2) Deferred tax (credit)	h	219.17	247.78	466.95
(3) Earlier years adjustments		104.78	-	104.78
Profit/(loss) for the period		**17,986.92**	**450.60**	**18,437.52**
Other Comprehensive Income				
(i) Items that will not be re-classified to profit or loss				
- Remeasurement of the net defined benefit liability / asset, net	g	-	60.92	60.92
- Equity instruments through other comprehensive income, net	d	-	29.70	29.70
(ii) Income tax relating to items that will not be reclassified to profit or loss	h	-	(31.27)	(31.27)
Subtotal (A)		**-**	**59.35**	**59.35**
(i) Items that will be re-classified to profit or loss				
- Gain / (loss) on exchange differences on translation of foreign operations			(15.76)	(15.76)
- Fair value gain/ (loss) on debt instruments measured at FVOCI			10.35	10.35
(ii) Income tax relating to items that will be reclassified to profit or loss	h	-	(3.58)	(3.58)
Subtotal (B)		**-**	**(8.99)**	**(8.99)**
Other Comprehensive Income		**-**	**50.36**	**50.36**
Total comprehensive income		**17,986.92**	**500.96**	**18,487.88**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Footnotes to the reconciliation of equity as at April 01, 2017 and March 31, 2018 and profit or loss for the year ended March 31, 2018

Effective interest rate impact
a. Under Indian GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in/ reduced from the initial recognition amount of loans given to customer and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, loan to customers on transition date have decreased grossly by Rs. 523.00 millions and impact of the same has been taken to retained earnings. Further, the loans has been increased by Rs. 183.71 millions for the year ended March 31, 2018 and impact of the same has been taken to statement of profit and loss of Rs. 706.71 millions in the respective year.

b. Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowings. Consequently, borrowings on transition date have increased by Rs. 276.87 millions and impact of the same has a positive impact on retained earnings. Further, impact for the year ended March 31, 2018 amounting to Rs. 333.28 millions has been decreased in Borrowings and Rs.56.41 million has decreased the expense to Profit and loss for the year in respect of the same.

Investments
c. Under the Indian GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Current investments were carried at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value through profit or loss. The resulting fair value changes of these investments has to be recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2018. Accordingly there is increase of Rs.0.28 millions in net fair value changes for the year ended March 31, 2018. Rs. 59.07 millions increase net fair value changes for the year ended March 31, 2018 which includes derivative instrument settlement income.

d. Under Indian GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated the investments in unquoted equity shares as FVOCI investments. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes. Accordingly there is increase of Rs. 86.92 millions in the investments at the transition date and Rs. 115.95 million for the year ended March 31, 2018.

Derivatives
e. Under Indian GAAP, the Company had a derivative contract as on April 01, 2017 which was fair valued as on transition date for which derivative liablity was created of Rs.59.07 millions and decrease in the retained earnings as on transition date by Rs. 59.07 millions.

Loans to Customer

f. Under Indian GAAP, Non Performing Assets and provisioning were computed based on the RBI guidelines. Under Ind AS, loan assets are classified based on staging criteria prescribed under IND AS 109 - Financial instruments and impairment is computed based on Expected Credit Loss model. Under Indian GAAP provision for Non Performing Asset and standard asset were presented under provisions. However, under Ind AS, financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Group has reclassified the Indian GAAP provisions for standard assets / NPAs amounting to Rs. 5,536.46 millions and Rs.6536.29 millions as on April 01, 2017 and March 31, 2018 respectively to impairment allowance as ECL and provision in excess of the expected credit loss is retained under "Provisions" in Note 20.

Employee benefits expense

g. Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Thus, the employee benefit cost is reduced by Rs. 60.92 millions and Remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

Under IGAAP, ESOP was recorded using the Intrinsic Value method. However, under Ind AS, ESOP is recorded using Fair value method. As a result of this there was an decrease in the valuation of ESOP as on the transition date by Rs. 49.85 millions which has lead to increase in the retained earnings. The impact for the year ended March 31, 2018 is Rs. 44.99 millions which has been taken to the profit and loss.

Deferred Tax

h. Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

As a result of Ind AS adjustments, deferred tax credit as on April 01, 2017 has increased by Rs. 59.16 millions. Deferred tax charge for the year is Rs.247.78 millions.

Securitisation of loans through pass through arrangement

i. In respect of BIFPL, under Indian GAAP, all the loans securitised through pass through arrangement (PTC transaction) has been de - recognised from the books as meets the '"true sale criteria" as per RBI guidelines.
Under Ind AS, these transactions does not meet the derecognition criteria as stated in Ind AS 109. Therefore such loans are recognised again in the books and a corresponding liability is created.
For the year ended 31 March 2018, Rs. 603.24 millions are recognised.

Direct Assignment of loans

j. In respect of BIFPL, under Indian GAAP, all the loans securitised through Direct Assignment (DA) has been de - recognised from the books as meets the '"true sale criteria" as per RBI guidelines.

Under Ind AS also, these transactions meets the derecognition criteria as stated in Ind AS 109. However as per IND AS 109, the transfer results in entity acquiring a new financial asset named as Servicing Asset and Excess Interest Spread (EIS) .

Hence, BIFPL has recognised Servicing Asset and EIS receivable on transition date.

As on transition date servicing asset and EIS receivable is recognised Rs. 3.34 millions and Rs. 0.12 millions respectively. Further, it has reduced interest income in year ending March 31, 2018 as the tenure of assignment ended before year end.

Reclassification of preference shares

k. As per Ind AS 32, a redeemable preference share with mandatory/cumulative dividend distribution establishes a contractual obligation for the issuer to pay cash on a periodic basis and on maturity. Therefore, it is classified as financial liability. Similarly, preference dividend inclusive of taxes related to it has been classified to finance cost as per AG 37 of Ind AS 32.
The amount reclassifies is Rs. 310 millions.

Others

l. Under Indian GAAP, on every additional invetsment in subsidiary, goodwill or cpaital reserve was recorded. However, under Ind AS, goodwill is calculated when there is change in control. Once the control is established on any subsequest acquistion, gain/loss is recorded.

As on transition date goodwill amounts to Rs 270.79 millions has been reversed.

Statement of cash flows

m.The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

Note 52: Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

Notes on accounts form part of consolidated financial statements
As per our report of even date attached

For **Varma & Varma**
(FRN : 004532S)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Place: Kochi
Date: May 13, 2019

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF MUTHOOT FINANCE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Muthoot Finance Limited (“the Company”), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its Profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How addressed in Audit
Indian Accounting Standards (Ind-AS) as specified under Section 133 of the Act, read with relevant rules there under have been made mandatorily applicable for specified Non-Banking Finance Companies applicable with effect from April 1st, 2018 and consequently these standalone financial statements have been prepared by the management in compliance with the Ind AS framework. As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected credit Loss (ECL) on financial assets, which involves application of significant judgement and estimates including use of key assumptions such as probability of default and loss given default Refer Note 45 to the Standalone Financial Statements	We have evaluated the management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to: – The identification of events leading to a significant increase in risk and credit impairment events; and – The determination of the impaired credit loss allowances and the key assumptions including probability of default and loss given default on a forward looking basis having regard to historical experiences. We understood and assessed the appropriateness of the impairment methodology developed and used by the management at the entity level. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard. We found that these key controls as above, were designed, implemented and operated effectively, and therefore have placed reliance on these key controls for the purposes of our audit of ECL and impairment loss allowances
Completeness in identification, accounting and disclosure of related party transactions in accordance with the applicable laws and financial reporting framework. Refer Note 38 to the Standalone Financial Statements	We have assessed the systems and processes laid down by the company to appropriately identify, account and disclose all material related party transactions in accordance with applicable laws and financial reporting framework. We have designed and performed audit procedures in accordance with the guidelines laid down by ICAI in the Standard on Auditing (SA 550) to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose material related party transactions which includes obtaining necessary approvals at appropriate stages of such transactions as mandated by applicable laws and regulations.

Key Audit Matters	How addressed in Audit
The Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes. Refer Note 37 to the Standalone Financial Statements	We have obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We obtained opinion of experts and also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.
Key Information technology (IT) systems used in financial reporting process. The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements.	We obtained an understanding of the Company's IT control environment and key changes during the audit period that may be relevant to the audit We tested the design, implementation and operating effectiveness of the company's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.

Information Other than the Standalone Financials Statements and Auditor's Report thereon (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Corporate Overview, Board's Report, Management Discussion and Analysis Report and Report on Corporate Governance in the Annual Report of the Company for the financial year 2018-19, but does not include the financial statements and our auditor's report thereon. The reports containing the other information as above are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements.

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the

Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial statement reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us: the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Varma & Varma**
(FRN: 004532S)

Sd/-
V.Sathyanarayanan
Partner
Chartered Accountants
Membership No.21941

Place: Kochi

Date: May 13, 2019

ANNEXURE 'A' REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MUTHOOT FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

1. (a) The company is maintaining records showing full particulars, including quantitative details and situation of fixed assets, which however requires to be updated.

   (b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular programme of verification, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us, the records of the company examined by us and based on the details of land and buildings furnished to us by the company, the title deeds of immovable properties are held in the name of the Company. In respect of certain immovable property acquired under a scheme of amalgamation, the title deeds continue to remain in the name of the erstwhile owners.

2. The Company is a Non-Banking Finance Company and has not dealt with any goods and the company does not hold any inventory during the period under audit. Accordingly, the reporting requirement under clause (ii) of paragraph 3 of the Order is not applicable.

3. According to the information and explanations given to us and the records of the company examined by us, the Company has granted loans (both secured and unsecured) to three subsidiary companies during the year and the same is covered in the register maintained under section 189 of the Act.
   The terms and conditions of the grant of such loans are not prejudicial to the Company's interest. The repayment or receipts of principal and interest are as per schedule stipulated and are regular. There are no overdue amounts.

4. According to the information and explanations given to us and the records of the company examined by us, the company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans and making of investments. The company has not given any guarantees or provided security for which the provisions of sections 185 and 186 of the Act are applicable.

5. The Company has not accepted any deposits from the public during the year which attract the directives issued by the Reserve Bank of India. Being a Non-Banking Finance Company , the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder regarding acceptance of deposits are not applicable. Therefore, the reporting requirement under clause (v) of paragraph 3 of the Order is not applicable.

6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company at this stage.

7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and any other statutory dues, as applicable to the Company to the appropriate authorities during the year.

According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were outstanding as at March 31, 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts due to be deposited of sales tax, Duty of Customs, Duty of Excise or Value Added Tax as at March 31, 2019.

According to the information and explanations given to us the following disputed amounts of income tax and service tax have not been deposited with the authorities as at March 31, 2019:

Nature of dues	Statute	Amount payable (net of payments made) Rs in millions	Period to which the amount relates	Forum where the dispute is pending
Service Tax (excluding interest)	Finance Act, 1994	40.05	2003-2008	CESTAT (Bangalore)
		21.87	2010-2013	CESTAT (Bangalore)
		3004.08	2007-2008 to 2011-2012	CESTAT (Bangalore)
		2.31	2007-2013	Commissioner (Appeals), Kochi
		1.08	2008-2011	CESTAT (Bangalore)
		0.40	2013-2014	CESTAT (Bangalore)
		1.01	2013-2014	High Court of Kerala
		0.62	April-September 2014	Commissioner (Appeals), Kochi
		94.21	2014-2015	High Court of Kerala

Nature of dues	Statute	Amount payable (net of payments made) Rs in millions	Period to which the amount relates	Forum where the dispute is pending
Income tax	Income Tax Act, 1961	26.15	AY 2010-11	Commissioner of Income Tax (Appeals)
		181.04	AY 2011-12	
		469.90	AY 2012-13	
		106.43	AY 2013-14	
		852.73	AY 2014-15	
		142.93	AY 2015-16	
		261.65	AY 2016-17	
		3.67	AY 2017-18	

8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.

9. According to the information and explanations given to us and the records of the Company examined by us, the moneys raised by way of public offer of debt instruments and the term loans availed by the company have been applied for the purpose for which they were raised.

10. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, there have been instances of fraud on the company by its employees amounting to Rs 33.52 millions as included in Note 51 to the standalone financial statements. No fraud by the company has been noticed or reported during the year, nor have we been informed of any such case by the management.

11. According to the information and explanations given to us and the records of the Company examined by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.

13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in Note 38 to the standalone financial statements as required by the applicable accounting standard.

14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting requirements under clause (xiv) of paragraph 3 of the Order are not applicable.

15. The company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.

16. The Company is engaged in the business of Non-Banking Financial Institution and has obtained the certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934.

For **Varma & Varma**
(FRN: 004532S)

Sd/-

V.Sathyanarayanan
Partner
Chartered Accountants
Membership No.21941

Place: Kochi
Date: May 13, 2019

ANNEXURE 'B' REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MUTHOOT FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control systems with reference to standalone financial statements reporting of Muthoot Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to standalone financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls systems with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements reporting.

Meaning of Internal Financial Controls with reference to Financial Statements reporting

A company's internal financial controls system with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls system with reference to financial statements reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting

Because of the inherent limitations of internal financial controls system with reference to financial statements reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Varma & Varma**
(FRN: 004532S)

Sd/-
V.Sathyanarayanan
Partner
Chartered Accountants
Membership No.21941

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Balance Sheet as at March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars		Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I. ASSETS					
1	**Financial assets**				
a)	Cash and cash equivalents	5	17,134.85	4,551.91	12,895.49
b)	Bank Balance other than (a) above	5	220.23	317.94	2,447.05
c)	Receivables	6			
	(I) Trade receivables		160.59	230.01	137.07
	(II) Other receivables		-	-	-
d)	Loans	7	349,329.32	295,068.03	279,634.48
e)	Investments	8	9,825.56	3,954.27	2,177.10
f)	Other financial assets	9	1,079.02	1,170.94	1,291.65
2	**Non-financial Assets**				
a)	Deferred tax assets (Net)	31	175.15	64.24	620.04
b)	Property, Plant and Equipment	10	1,866.58	1,922.35	2,021.79
c)	Capital work-in-progress		228.30	57.37	99.75
d)	Other intangible assets	11	58.97	82.32	60.52
e)	Other non-financial assets	12	608.43	503.17	143.56
	Total Assets		**380,687.00**	**307,922.55**	**301,528.50**
II. LIABILITIES AND EQUITY					
LIABILITIES					
1	**Financial Liabilities**				
a)	Derivative financial instruments		-	-	59.07
b)	Payables				
	(I) Trade payables				
	(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	1,633.97	1,238.87	1,103.55
	(II) Other payables				
	(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
c)	Debt securities	14	79,869.53	51,987.94	61,372.95
d)	Borrowings (other than debt securities)	15	184,174.79	148,822.73	129,537.30
e)	Subordinated liabilities	16	4,287.20	10,859.70	18,710.90
f)	Other financial liabilities	17	9,763.86	13,338.97	23,946.46
2	**Non-financial Liabilities**				
a)	Current tax liabilities (net)		604.47	800.50	471.13
b)	Provisions	18	2,106.20	2,239.14	764.36
c)	Other non-financial liabilities	19	319.79	514.49	561.20
3	**EQUITY**				
a)	Equity share capital	20	4,006.61	4,000.41	3,994.76
b)	Other equity	21	93,920.58	74,119.80	61,006.82
	Total Liabilities and Equity		**380,687.00**	**307,922.55**	**301,528.50**

Notes on accounts form part of standalone financial statements
As per our report of even date attached

For **Varma & Varma**
(FRN : 004532S)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Statement of Profit and Loss for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

	Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
	Revenue from operations			
(i)	Interest income	22	67,570.12	62,021.30
(ii)	Dividend income		-	20.10
(iii)	Net gain on fair value changes	23	480.50	100.95
(iv)	Sales of services	24	229.51	227.46
(v)	Service charges		501.95	295.34
(I)	**Total Revenue from operations**		**68,782.08**	**62,665.15**
(II)	Other Income	25	24.22	666.37
(III)	**Total Income (I + II)**		**68,806.30**	**63,331.52**
	Expenses			
(i)	Finance costs	26	22,368.44	19,314.03
(ii)	Impairment on financial instruments	27	275.48	2,396.51
(iii)	Employee benefits expenses	28	8,975.53	7,823.84
(iv)	Depreciation, amortization and impairment	29	420.86	438.51
(v)	Other expenses	30	5,997.83	4,911.77
(IV)	**Total Expenses (IV)**		**38,038.14**	**34,884.66**
(V)	**Profit before tax (III- IV)**		**30,768.16**	**28,446.86**
(VI)	Tax Expense:	31		
	(1) Current tax		10,937.68	10,046.36
	(2) Deferred tax		(114.75)	523.50
	(3) Taxes relating to prior years		223.81	101.40
(VII)	**Profit for the year (V- VI)**		**19,721.42**	**17,775.60**
(VIII)	**Other Comprehensive Income**			
A)	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(22.88)	63.62
	- Fair value changes on equity instruments through other comprehensive income		33.89	29.70
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.85)	(32.30)
	Subtotal (A)		**7.16**	**61.02**
B)	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		-	-
	Other Comprehensive Income (A + B) (VIII)		**7.16**	**61.02**
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**19,728.58**	**17,836.62**
(X)	**Earnings per equity share**	32		
	(Face value of Rs. 10/- each)			
	Basic (Rs.)		49.27	44.48
	Diluted (Rs.)		49.18	44.33

Notes on accounts form part of standalone financial statements
As per our report of even date attached

For Varma & Varma
(FRN : 004532S)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Statement of changes in Equity for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

a. Equity Share Capital
Equity shares of Rs. 10/- each issued, subscribed and fully paid

	Number	*Amount*
As at April 01, 2017	399,475,549	3,994.76
Shares issued in exercise of Employee Stock Options during the year	565,690	5.66
As at March 31, 2018	**400,041,239**	**4,000.41**
Shares issued in exercise of Employee Stock Options during the year	620,077	6.20
As at March 31, 2019	**400,661,316**	**4,006.61**

b. Other Equity

Particulars	Reserves and Surplus						Other Comprehensive Income		Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Share Option Outstanding	Retained Earnings	Equity instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income (Remeasurement of defined benefit plans)	
Balance as at April 01, 2017	**12,654.51**	**14,721.81**	**20,335.91**	**2,676.33**	**171.42**	**10,359.96**	**86.88**	**-**	**61,006.82**
Dividend	-	-	-	-	-	(3,999.14)	-	-	(3,999.14)
Tax on dividend	-	-	-	-	-	(814.13)	-	-	(814.13)
Transfer to/from retained earnings	3,440.53	-	5,011.90	-	-	(8,452.43)	-	-	-
Profit for the year after income tax	-	-	-	-	-	17,775.60	-	-	17,775.60
Share based payment expenses	-	-	-	-	67.54	-	-	-	67.54
Share option excercised during the year	-	75.23	-	-	(53.14)	-	-	-	22.09
Other Comprehensive Income (OCI) for the year before income tax	-	-	-	-	-	-	29.70	63.62	93.32
Income Tax on OCI	-	-	-	-	-	-	(10.28)	(22.02)	(32.30)
Balance as at March 31, 2018	**16,095.04**	**14,797.04**	**25,347.81**	**2,676.33**	**185.82**	**14,869.86**	**106.30**	**41.60**	**74,119.80**
Transfer to/from retained earnings	3,944.29	-	9,776.16	-	-	(13,720.45)	-	-	-
Profit for the year after income tax	-	-	-	-	-	19,721.42	-	-	19,721.42
Share based payment expenses	-	-	-	-	47.69	-	-	-	47.69
Share option exercised during the year	-	93.37	-	-	(68.86)	-	-	-	24.51
Other Comprehensive Income (OCI) for the year before income tax	-	-	-	-	-	-	33.89	(22.88)	11.01
Income Tax on OCI	-	-	-	-	-	-	(11.85)	8.00	(3.85)
Balance as at March 31, 2019	**20,039.33**	**14,890.41**	**35,123.97**	**2,676.33**	**164.65**	**20,870.83**	**128.34**	**26.72**	**93,920.58**

Notes on accounts form part of standalone financial statements
As per our report of even date attached

For Varma & Varma
(FRN : 004532S)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Place: Kochi
Date: May 13, 2019

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Muthoot Finance Limited
Cash flow statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A Cash flow from Operating activities		
Profit before tax	**30,768.16**	**28,446.86**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	420.86	438.51
Impairment on financial instruments	275.48	2,396.51
Finance cost	22,368.44	19,314.03
Loss on sale of mutual funds	1.52	-
Loss on sale of Property, plant and equipment	3.80	2.81
Provision for Gratuity	135.21	128.06
Provision for Compensated absence	16.13	212.43
Provision for Employee benefit expense - Share based payments for employees	47.69	67.54
Interest income on investments	(126.13)	(64.43)
Unrealised gain on investment	-	(0.28)
MTM on derivatives	-	(59.07)
Dividend income	-	(20.10)
Operating Profit Before Working Capital Changes	***53,911.16***	***50,862.87***
Adjustments for:		
(Increase)/Decrease in Trade receivables	69.42	(92.94)
(Increase)/Decrease in Bank balances other than cash and cash equivalents	97.71	2,129.11
(Increase)/Decrease in Loans	(54,788.33)	(16,562.46)
(Increase)/Decrease in Other financial asset	100.72	126.85
(Increase)/Decrease in Other non-financial asset	(68.11)	(355.19)
Increase/(Decrease) in Other financial liabilities	(525.67)	(476.31)
Increase/(Decrease) in Other non financial liabilities	(194.70)	(46.71)
Increase/(Decrease) in Trade payables	395.10	135.32
Increase/(Decrease) in Provisions	-	(125.31)
Cash generated from operations	**(1,002.70)**	**35,595.23**
Finance cost paid	(25,738.42)	(26,645.71)
Income tax paid	(11,357.52)	(9,818.39)
Net cash used in operating activities	**(38,098.64)**	**(868.87)**
B Cash flow from Investing activities		
Purchase of Property, plant and equipment and intangible assets	(612.02)	(272.85)
Proceeds from sale of Property, plant and equipments	2.79	2.75
Proceeds from sale of investment in mutual funds	298.79	-
Investment made in Mutual fund	-	(300.00)
Proceeds from sale of securities	10.20	9.99
Purchase of debt securities	(606.00)	-
Investments in unquoted equity shares	(750.00)	-
Acquisition of shares in subsidiaries	(4,752.99)	(1,457.20)
Dividend income	-	20.10
Interest received on investments	78.41	58.32
Net cash used in investing activities	**(6,330.82)**	**(1,938.89)**
C Cash flow from Financing activities		
Proceeds from issue of equity share capital	30.71	27.75
Increase / (decrease) in debt securities	28,113.89	(9,292.53)
Increase / (decrease) in borrowings (other than debt securities)	35,447.27	19,279.51
Increase / (decrease) in subordinated liabilities	(6,579.47)	(7,852.49)
Dividend paid (including dividend distribution tax)	-	(7,698.06)
Net cash from/(used in) financing activities	**57,012.40**	**(5,535.82)**
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	**12,582.94**	**(8,343.58)**
Cash and cash equivalents at April 01, 2018/ April 01, 2017	**4,551.91**	**12,895.49**
Cash and cash equivalents at March 31, 2019/ March 31, 2018 (Refer note 5.1)	**17,134.85**	**4,551.91**

Notes on accounts form part of standalone financial statements
As per our report of even date attached

For Varma & Varma
(FRN : 004532S)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Place: Kochi
Date: May 13, 2019

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

1. Corporate Information

Muthoot Finance Limited ("the Company") was incorporated as a private limited Company on 14th March, 1997 and was converted into a public limited Company on November 18, 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of "The Muthoot Group", which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13-11-2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI). The Registered Office of the Company is at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi - 682 018, India.

The Company made an Initial Public Offer of 51,500,000 Equity Shares of the face value Rs.10/- each at a price of Rs. 175/- raising Rs. 9,012,500,000.00 during the month of April 2011. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited from May 6, 2011.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The financial statements for the year ended 31 March 2019 are the first financial statement of the Company prepared in accordance with Ind AS. Refer to note No.45 on First time adoption to Ind AS for information on adoption of Ind AS by the Company.

2.2. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

i) fair value through other comprehensive income (FVOCI) instruments,
ii) derivative financial instruments,
iii) other financial assets held for trading,
iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest million, except when otherwise indicated.

3. Significant accounting policies

3.1. Recognition of interest income

The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate on a financial asset is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset .While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset , probable fluctuation in collateral value etc are considered which has an impact on the EIR.

While calculating the effective interest rate, the Company includes all fees and points paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

3.2. Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

3.2.1. Recognition of Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.3. Financial instruments

A. Financial Assets

3.3.1. Initial recognition and measurement

All financial assets are recognised initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

3.3.2. Subsequent measurement

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

a. *Financial assets measured at amortised cost*
   A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. *Financial assets measured at fair value through other comprehensive income (FVOCI)*
   A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. *Financial assets measured at fair value through profit or loss (FVTPL)*
   A financial asset which is not classified in any of the above categories are measured at FVTPL.

3.3.3 Investments in Subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in Subsidiaries, Associates and Joint Ventures at cost less impairment loss, if any.

3.3.4 Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVOCI).

B. Financial liabilities

3.3.5 Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures loans and borrowings including bank overdrafts.

3.3.6 Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

3.4. Derecognition of financial assets and liabilities

3.4.1. Financial Asset

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3.4.2. Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5. Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Company and/or its counterparties

3.6. Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' model (ECL), for evaluating impairment of financial assets other than those measured at Fair value through profit and loss.

3.6.1. Overview of the Expected Credit Loss (ECL) model

Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses.

Based on the above process, the Company categorises its loans into three stages as described below:

<u>For non-impaired financial assets</u>

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL provision.

<u>For impaired financial assets:</u>

Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial assets.

3.6.2. Estimation of Expected Credit Loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, vehicles, etc. However, the fair value of collateral affects the calculation of ECL. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

3.7. Determination of fair value of Financial Instruments

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments −Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments−Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments −Those that include one or more unobservable input that is significant to the measurement as whole.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

3.9. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.9.1.Depreciation

Depreciation on Property, Plant and Equipment is calculated using written down value method (WDV) to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:

Particulars	**Useful life**
Furniture and fixture	10 years
Office equipment	5 years
Server and networking	6 years
Computer	3 years
Building	30 years
Vehicles	8 years
Wind Mill	22 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.10. Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprising of software is amortised on straight line basis over a period of 5 years, unless it has a shorter useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit or Loss when the asset is derecognised.

3.11. Impairment of non–financial assets: Property , Plant and Equipment and Intangible Assets

The Company's assesses, at each reporting date, whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of assets called Cash Generating Units (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount to determine the extent of impairment, if any.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.12. Employee Benefits Expenses

3.12.1. Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services

3.12.2. Post-Employment Benefits

A. Defined contribution schemes

All eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the company contribute monthly at a stipulated percentage of the covered employee's salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The company has no liability for future provident fund benefits other than its annual contribution.

B. Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by Trustees and separate schemes managed by Kotak Mahindra Old Mutual Life Insurance Limited and/or ICICI Prudential Life Insurance Company Limited.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

3.12.3. Other Long term employee benefits

Accumulated compensated absences

The Company provides for liability of accumulated compensated absences for eligible employees on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the period in which they occur.

3.12.4. Employee share based payments

Stock options granted to the employees under the stock option scheme established are accounted as per the accounting treatment prescribed by the SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Securities and Exchange Board of India.

The Company follows the fair value method of accounting for the options and accordingly, the excess of market value of the stock options as on the date of grant over the fair value of the options is recognised as deferred employee compensation cost and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.13. Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.14. Taxes

Income tax expense represents the sum of current tax and deferred tax

3.14.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.14.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amounts in the financial statements for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss ie., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.15. Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

3.16. Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.17. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.18. Cash-flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.19. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

4.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.5. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.6. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 5.1: Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash on hand	1,765.82	1,851.23	1,627.32
Balances with Banks			
- in current accounts	14,788.33	2,696.42	11,264.66
- in fixed deposit (maturing within a period of three months)	580.70	4.26	3.51
Total	**17,134.85**	**4,551.91**	**12,895.49**

Note 5.2: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Fixed deposits with bank (maturing after period of three months) (Refer Note 5.2.1)	153.79	294.33	15.20
Balance in other escrow accounts			
- Interim Dividend	-	-	2.396.85
- Unpaid (Unclaimed) Dividend Account	6.66	4.92	3.26
- Unpaid (Unclaimed) interest and redemption proceeds of Non-Convertible debentures- Public Issue	59.78	18.69	31.74
Total	**220.23**	**317.94**	**2,447.05**

Note 5.2.1: Fixed deposits with banks

Fixed Deposits with bank include fixed deposits given as security for borrowings Rs.8.57 millions (March 31, 2018: Rs.10.92 millions; April 01, 2017: Rs.11.77 millions) , fixed deposits given as security for guarantees Rs.7.21 millions (March 31, 2018: Rs.6.23 millions; April 01 2017: Rs.5.59 millions) and fixed deposits on which lien is marked Rs.1.52 millions (March 31, 2018: Rs.1.45 millions; April 01, 2017: Rs.1.35 millions).

Muthoot Finance Limited
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Note 6: Receivables
(I) Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
a) Considered good - unsecured			
Receivables from Money Transfer business	136.36	210.75	117.12
Receivables from Power Generation - Wind Mill	24.23	19.26	19.95
Total	**160.59**	**230.01**	**137.07**
Less: Allowance for impairment loss	-	-	-
Total Net Receivable	**160.59**	**230.01**	**137.07**

Trade receivables are non-interest bearing and are short-term in nature. These consist of receivable from government and other parties, and does not involve any credit risk.

Muthoot Finance Limited
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Note 7: Loans

Particulars	As at March 31, 2019					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Gold Loan	349,086.79	-	-	-	-	349,086.79
ii) Personal Loan	1,230.90	-	-	-	-	1,230.90
iii) Corporate Loan	99.52	-	-	-	-	99.52
iv) Business Loan	55.60	-	-	-	-	55.60
v) Staff Loan	30.70	-	-	-	-	30.70
vi) Loans to subsidiaries	5,011.47	-	-	-	-	5,011.47
vii) Other Loans	173.43	-	-	-	-	173.43
Total (A) - Gross	**355,688.41**	**-**	**-**	**-**	**-**	**355,688.41**
Less: Impairment loss allowance	6,359.09	-	-	-	-	6,359.09
Total (A) - Net	**349,329.32**	**-**	**-**	**-**	**-**	**349,329.32**
(B)						
I) Secured by tangible assets						
i) Gold Loan	349,086.79	-	-	-	-	349,086.79
ii) Corporate Loan	99.52	-	-	-	-	99.52
iii) Loans to subsidiaries	-	-	-	-	-	-
iv) Other Loans	3.49	-	-	-	-	3.49
Total (I) - Gross	**349,189.80**	**-**	**-**	**-**	**-**	**349,189.80**
Less: Impairment loss allowance	6,251.37					6,251.37
Total (I) - Net	**342,938.43**	**-**	**-**	**-**	**-**	**342,938.43**
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
i) Personal Loan	1,230.90	-	-	-	-	1,230.90
ii) Business Loan	55.60	-	-	-	-	55.60
iii) Staff Loan	30.70	-	-	-	-	30.70
iv) Loans to subsidiaries	5,011.47	-	-	-	-	5,011.47
v) Other Loans	169.94	-	-	-	-	169.94
Total (III) - Gross	**6,498.61**	**-**	**-**	**-**	**-**	**6,498.61**
Less: Impairment loss allowance	107.72					107.72
Total (III) - Net	**6,390.89**	**-**	**-**	**-**	**-**	**6,390.89**
Total (B) (I+II+III) - Net	**349,329.32**	**-**	**-**	**-**	**-**	**349,329.32**
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	355,688.41	-	-	-	-	355,688.41
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	**355,688.41**	**-**	**-**	**-**	**-**	**355,688.41**
Less: Impairment loss allowance	6,359.09	-	-	-	-	6,359.09
Total (C)- Net	**349,329.32**	**-**	**-**	**-**	**-**	**349,329.32**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
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Particulars	As at March 31, 2018					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Gold Loan	298,227.73	-	-	-	-	298,227.73
ii) Personal Loan	241.37	-	-	-	-	241.37
iii) Corporate Loan	-	-	-	-	-	-
iv) Business Loan	5.23	-	-	-	-	5.23
v) Staff Loan	36.06	-	-	-	-	36.06
vi) Loans to subsidiaries	2,329.50	-	-	-	-	2,329.50
vii) Other Loans	319.43	-	-	-	-	319.43
Total (A) - Gross	**301,159.32**	**-**	**-**	**-**	**-**	**301,159.32**
Less: Impairment loss allowance	6,091.29	-	-	-	-	6,091.29
Total (A) - Net	**295,068.03**	**-**	**-**	**-**	**-**	**295,068.03**
(B)						
I) Secured by tangible assets						
i) Gold Loan	298,227.73	-	-	-	-	298,227.73
ii) Corporate Loan	-	-	-	-	-	-
iii) Loans to subsidiaries	79.50	-	-	-	-	79.50
iv) Other Loans	17.04	-	-	-	-	17.04
Total (I) - Gross	**298,324.27**	**-**	**-**	**-**	**-**	**298,324.27**
Less: Impairment loss allowance	5,921.57					5,921.57
Total (I) - Net	**292,402.70**	**-**	**-**	**-**	**-**	**292,402.70**
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
i) Personal Loan	241.37	-	-	-	-	241.37
ii) Business Loan	5.23	-	-	-	-	5.23
iii) Staff Loan	36.06	-	-	-	-	36.06
iv) Loans to subsidiaries	2,250.00	-	-	-	-	2,250.00
v) Other Loans	302.39	-	-	-	-	302.39
Total (III) - Gross	**2,835.05**	**-**	**-**	**-**	**-**	**2,835.05**
Less: Impairment loss allowance	169.72					169.72
Total (III) - Net	**2,665.33**	**-**	**-**	**-**	**-**	**2,665.33**
Total (B) (I+II+III) - Net	**295,068.03**	**-**	**-**	**-**	**-**	**295,068.03**
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	301,159.32	-	-	-	-	301,159.32
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	**301,159.32**	**-**	**-**	**-**	**-**	**301,159.32**
Less: Impairment loss allowance	6,091.29	-	-	-	-	6,091.29
Total (C)- Net	**295,068.03**	**-**	**-**	**-**	**-**	**295,068.03**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Gold Loan	284,288.33	-	-	-	-	284,288.33
ii) Personal Loan	49.96	-	-	-	-	49.96
iii) Corporate Loan	-	-	-	-	-	-
iv) Business Loan	-	-	-	-	-	-
v) Staff Loan	42.00	-	-	-	-	42.00
vi) Loans to subsidiaries	182.14	-	-	-		182.14
vii) Other Loans	350.85	-	-	-	-	350.85
Total (A) - Gross	**284,913.28**	**-**	**-**	**-**	**-**	**284,913.28**
Less: Impairment loss allowance	5,278.80	-	-	-	-	5,278.80
Total (A) - Net	**279,634.48**	**-**	**-**	**-**	**-**	**279,634.48**
(B)						
I) Secured by tangible assets						
i) Gold Loan	284,288.33	-	-	-	-	284,288.33
ii) Corporate Loan	-	-	-	-	-	-
iii) Loans to subsidiaries	182.14	-	-	-	-	182.14
iv) Other Loans	38.37	-	-	-	-	38.37
Total (I) - Gross	**284,508.84**	**-**	**-**	**-**	**-**	**284,508.84**
Less: Impairment loss allowance	5,080.76					5,080.76
Total (I) - Net	**279,428.08**	**-**	**-**	**-**	**-**	**279,428.08**
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
i) Personal Loan	49.96	-	-	-	-	49.96
ii) Business Loan	-	-	-	-	-	-
iii) Staff Loan	42.00	-	-	-	-	42.00
iv) Loans to subsidiaries	-	-	-	-	-	-
v) Other Loans	312.48	-	-	-	-	312.48
Total (III) - Gross	**404.44**	**-**	**-**	**-**	**-**	**404.44**
Less: Impairment loss allowance	198.04					198.04
Total (III) - Net	**206.40**	**-**	**-**	**-**	**-**	**206.40**
Total (B) (I+II+III) - Net	**279,634.48**	**-**	**-**	**-**	**-**	**279,634.48**
(C) (I) Loans in India						
i) Public Sector		-	-	-	-	
ii) Others	284,913.28	-	-	-	-	284,913.28
(C) (II) Loans outside India	-	-	-	-	-	-
Total (C) - Gross	**284,913.28**	**-**	**-**	**-**	**-**	**284,913.28**
Less: Impairment loss allowance	5,278.80	-	-	-	-	5,278.80
Total (C)- Net	**279,634.48**	**-**	**-**	**-**	**-**	**279,634.48**

Muthoot Finance Limited
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Credit Quality of Loan Assets
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 41 .

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Internal rating grade												
Performing												
High grade	328,922.65	-	-	328,922.65	277,480.42	-	-	277,480.42	249,063.94	-	-	249,063.94
Standard grade	8,696.44	-	-	8,696.44	3,254.56	-	-	3,254.56	19,955.42	-	-	19,955.42
Sub-standard grade	-	5,697.24	-	5,697.24	-	4,260.41	-	4,260.41	-	5,001.87	-	5,001.87
Past due but not impaired	-	3,218.29	-	3,218.29	-	3,449.63	-	3,449.63	-	3,380.57	-	3,380.57
Non- performing	-	-	-	-	-	-	-	-	-	-	-	-
Individually impaired	-	-	9,326.00	9,326.00	-	-	12,871.59	12,871.59	-	-	7,612.23	7,612.23
Total	**337,619.09**	**8,915.53**	**9,326.00**	**355,860.62**	**280,734.98**	**7,710.04**	**12,871.59**	**301,316.61**	**269,019.36**	**8,382.44**	**7,612.23**	**285,014.03**
EIR impact of Service charges received				(172.21)				(157.29)				(100.75)
Gross carrying amount closing balance net of EIR impact of service charge received				**355,688.41**				**301,159.32**				**284,913.28**

Muthoot Finance Limited
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An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount opening balance	280,734.98	7,710.04	12,871.59	301,316.61	269,019.36	8,382.44	7,612.23	285,014.03
New assets originated or purchased	325,874.13	-	-	325,874.13	287,629.18	-	-	287,629.18
Assets derecognised or repaid (excluding write offs)	(251,770.54)	(7,538.41)	(11,762.23)	(271,071.18)	(256,387.77)	(8,167.39)	(6,455.02)	(271,010.18)
Transfers to Stage 1	0.33	(0.33)	-	-	1.65	(0.77)	(0.88)	-
Transfers to Stage 2	(8,915.82)	8,915.82	-	-	(7,709.07)	7,709.45	(0.38)	-
Transfers to Stage 3	(8,303.99)	(171.59)	8,475.58	-	(11,818.37)	(213.69)	12,032.06	-
Amounts written off	-	-	(258.94)	(258.94)	-	-	(316.42)	(316.42)
Gross carrying amount closing balance	**337,619.09**	**8,915.53**	**9,326.00**	**355,860.62**	**280,734.98**	**7,710.04**	**12,871.59**	**301,316.61**
EIR impact of Service charges received				(172.21)				(157.29)
Gross carrying amount closing balance net of EIR impact of service charge received				**355,688.41**				**301,159.32**

Reconciliation of ECL balance is given below:

Particulars	2018-19				2017-18			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance - opening balance	4,077.93	112.39	1,900.97	6,091.29	3,924.78	122.10	1,231.92	5,278.80
New assets originated or purchased	4,786.96	-	-	4,786.96	4,174.71	-	-	4,174.71
Assets derecognised or repaid (excluding write offs)	(3,679.80)	(109.81)	(1,474.34)	(5,263.95)	(3,737.03)	(118.98)	(613.62)	(4,469.63)
Transfers to Stage 1	0.01	(0.01)	-	-	0.02	(0.01)	(0.01)	-
Transfers to Stage 2	(130.52)	130.52	-	-	(112.38)	112.39	(0.01)	-
Transfers to Stage 3	(121.01)	(2.54)	123.55	-	(172.17)	(3.11)	175.28	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	1,003.73	1,003.73	-	-	1,423.83	1,423.83
Amounts written off	-	-	(258.94)	(258.94)	-	-	(316.42)	(316.42)
ECL allowance - closing balance	**4,933.57**	**130.55**	**1,294.97**	**6,359.09**	**4,077.93**	**112.39**	**1,900.97**	**6,091.29**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 8: Investments

Particulars	As at March 31, 2019						
	Amortised Cost	At Fair value				At cost	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
i) Mutual funds	-	-	-	-	-	-	**-**
ii) Government securities	50.94	-	-	-	-	-	**50.94**
iii) Debt securities	644.92	-	-	-	-	-	**644.92**
iv) Equity instruments							
Subsidiaries	-	-	-	-	-	8,182.49	**8,182.49**
Others	-	947.17	0.04	-	947.21	-	**947.21**
Total Gross (A)	**695.86**	**947.17**	**0.04**	**-**	**947.21**	**8,182.49**	**9,825.56**
i) Investments outside India	-	-	-	-	-	493.30	**493.30**
ii) Investments in India	695.86	947.17	0.04	-	947.21	7,689.19	**9,332.26**
Total Gross (B)	**695.86**	**947.17**	**0.04**	**-**	**947.21**	**8,182.49**	**9,825.56**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net D = (A) - (C)	**695.86**	**947.17**	**0.04**	**-**	**947.21**	**8,182.49**	**9,825.56**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018						
		At Fair value					
	Amortised Cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	At cost	Total
i) Mutual funds	-	-	300.31	-	300.31	-	**300.31**
ii) Government securities	61.13	-	-	-	-	-	**61.13**
iii) Debt securities	-	-	-	-	-	-	-
iv) Equity instruments							
Subsidiaries	-	-	-	-	-	3,429.50	**3,429.50**
Others	-	163.29	0.04	-	163.33	-	**163.33**
Total Gross (A)	**61.13**	**163.29**	**300.35**	**-**	**463.64**	**3,429.50**	**3,954.27**
i) Investments outside India	-	-	-	-	-	392.85	**392.85**
ii) Investments in India	61.13	163.29	300.35	-	463.64	3,036.65	**3,561.42**
Total Gross (B)	**61.13**	**163.29**	**300.35**	**-**	**463.64**	**3,429.50**	**3,954.27**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net D = (A) - (C)	**61.13**	**163.29**	**300.35**	**-**	**463.64**	**3,429.50**	**3,954.27**

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017						
	Amortised Cost	At Fair value				At cost	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
i) Mutual funds	-	-	-	-	-	-	**-**
ii) Government securities	61.18	-	-	-	-	-	**61.18**
iii) Debt securities	10.00	-	-	-	-	-	**10.00**
iv) Equity instruments							
Subsidiaries	-	-	-	-	-	1,972.30	**1,972.30**
Others	-	133.57	0.07	-	133.64	-	**133.64**
Total Gross (A)	**71.18**	**133.57**	**0.07**	**-**	**133.64**	**1,972.30**	**2,177.12**
i) Investments outside India	-	-	-	-	-	392.85	**392.85**
ii) Investments in India	71.18	133.57	0.07	-	133.64	1,579.45	**1,784.27**
Total Gross (B)	**71.18**	**133.57**	**0.07**	**-**	**133.64**	**1,972.30**	**2,177.12**
Less: Allowance for impairment loss (C)	0.02	-	-	-	-	-	**0.02**
Total - Net D = (A) - (C)	**71.16**	**133.57**	**0.07**	**-**	**133.64**	**1,972.30**	**2,177.10**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

8.1 Details of investments are as follows :-

Mutual funds

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
SBI Magnum Balanced Fund - Regular Plan - Growth	-	-	409,760	50.32	-	-
DSP BlackRock Equity & Bond Fund - Regular Plan - Growth	-	-	351,045	50.00	-	-
DSP BlackRock Equity Fund - Regular Plan - Growth	-	-	1,366,755	50.00	-	-
HDFC Balanced Fund - Regular Plan - Growth	-	-	342,926	50.00	-	-
HDFC Equity Fund - Regular Plan - Growth	-	-	84,521	50.00	-	-
Tata Equity P/E Fund Regular Plan - Growth	-	-	372,279	49.99	-	-
Total		**-**		**300.31**		**-**

Government securities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
Gujarat State Development Loan	150,000	15.18	150,000	15.18	150,000	15.19
Kerala State Development Loan	200,000	20.36	200,000	20.36	200,000	20.37
Karnataka State Development Loan	50,000	5.12	50,000	5.12	50,000	5.13
Tamilnadu State Development Loan	100,000	10.28	100,000	10.26	100,000	10.27
Punjab State Development Loan	-	-	100,000	10.21	100,000	10.22
Total		**50.94**		**61.13**		**61.18**

Debt securities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
ECL Investment Private Limited	606,000	644.92	-	-	-	-
Belstar Investment and Finance Private Limited	-	-	-	-	100	10.00
Total		**644.92**		**-**		**10.00**

Muthoot Finance Limited
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(Rupees in millions, except for share data and unless otherwise stated)

Equity instruments

Particulars	**As at March 31, 2019**		**As at March 31, 2018**		**As at April 01, 2017**	
	Units	**Amount**	**Units**	**Amount**	**Units**	**Amount**
Subsidiaries						
Quoted						
Asia Asset Finance PLC, Sri Lanka	75,465,649	493.30	503,524,700	392.85	503,524,700	392.85
Unquoted						
Muthoot Homefin (India) Limited	119,155,843	3,639.89	97,727,272	2,139.90	66,200,000	752.70
Muthoot Insurance Brokers Private Limited	750,000	200.00	500,000	200.00	500,000	200.00
Belstar Investment and Finance Private Limited	26,266,580	2,238.82	16,417,459	696.75	15,017,459	626.75
Muthoot Trustee Private Limited	100,000	1.00	-	-	-	-
Muthoot Asset Management Private Limited	51,000,000	510.00	-	-	-	-
Muthoot Money Private Limited	62,170	1,099.48	-	-	-	-
Subtotal		**8,182.49**		**3,429.50**		**1,972.30**
Others						
Quoted						
Union Bank of India	454	0.04	454	0.04	454	0.07
Unquoted						
Muthoot Forex Limited	1,970,000	111.58	1,970,000	103.30	1,970,000	90.40
Muthoot Securities Limited	2,700,000	85.59	2,700,000	59.99	2,700,000	43.17
ESAF Small Finance Bank Limited	18,717,244	750.00	-	-	-	-
Subtotal		**947.21**		**163.33**		**133.64**
Total		**9,129.70**		**3,592.83**		**2,105.94**

Muthoot Finance Limited

Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 9: Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Security deposits	894.61	862.99	889.55
Interest accrued on fixed deposits with banks	15.46	6.66	0.52
Other financial assets	168.95	301.29	401.58
Total	**1,079.02**	**1,170.94**	**1,291.65**

Note 10: Property, plant and equipment

Particulars	Land	Buildings	Furniture and Fixtures	Plant and Equipment	Computer	Vehicles	Wind Mill	Total	Capital-work-in progress
Gross block- at cost									
Deemed cost as at April 01, 2017	**546.70**	**495.11**	**265.96**	**590.22**	**76.89**	**23.56**	**23.35**	**2,021.79**	**99.75**
Additions	-	74.68	46.54	115.39	50.35	24.33	-	311.29	16.63
Disposals	-	-	0.61	4.36	0.48	0.11	-	5.56	59.01
As at March 31, 2018	**546.70**	**569.79**	**311.89**	**701.25**	**126.76**	**47.78**	**23.35**	**2,327.52**	**57.37**
Additions	-	-	63.87	157.83	99.90	14.90	-	336.50	170.93
Disposals	-	-	0.50	8.24	0.08	-	-	8.82	
As at March 31, 2019	**546.70**	**569.79**	**375.26**	**850.84**	**226.58**	**62.68**	**23.35**	**2,655.20**	**228.30**
Accumulated depreciation									
As at April 01, 2017	-	-	-	-	-	-	-	-	-
Charge for the year	-	53.86	88.77	195.51	54.03	11.07	1.93	405.17	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**-**	**53.86**	**88.77**	**195.51**	**54.03**	**11.07**	**1.93**	**405.17**	**-**
Charge for the year	-	51.24	77.00	177.42	65.38	12.87	1.77	385.68	-
Disposals	-	-	0.12	2.08	0.03	-	-	2.23	-
As at March 31, 2019	**-**	**105.10**	**165.65**	**370.85**	**119.38**	**23.94**	**3.70**	**788.62**	**-**
Net Block									
As at April 01, 2017	**546.70**	**495.11**	**265.96**	**590.22**	**76.89**	**23.56**	**23.35**	**2,021.79**	**99.75**
As at March 31, 2018	**546.70**	**515.93**	**223.12**	**505.74**	**72.73**	**36.71**	**21.42**	**1,922.35**	**57.37**
As at March 31, 2019	**546.70**	**464.69**	**209.61**	**479.99**	**107.20**	**38.74**	**19.65**	**1,866.58**	**228.30**

Refer note 33 for details of property pledged as security.

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 11: Other Intangible Assets

Particulars	Computer Software
Gross block- at cost	
Deemed cost as at April 01, 2017	**60.52**
Additions	55.14
Disposals	-
As at March 31, 2018	**115.66**
Additions	11.82
Disposals	-
As at March 31, 2019	**127.48**
Accumulated amortisation	
As at April 01, 2017	-
Charge for the year	33.34
Disposals	-
As at March 31, 2018	**33.34**
Charge for the year	35.17
Disposals	-
As at March 31, 2019	**68.51**
Net book value:	
As at April 01, 2017	**60.52**
As at March 31, 2018	**82.32**
As at March 31, 2019	**58.97**

(Rupees in millions, except for share data and unless otherwise stated)

Note 12: Other Non-financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with government authorities	170.63	165.67	8.95
Prepaid expenses	99.83	103.48	43.21
Capital advances	120.61	27.84	79.04
Stock of gold	6.71	6.10	6.10
Balances receivable from government authorities	161.53	137.26	-
Advance to Gratuity Fund (Net)	-	55.62	-
Other Receivables	49.12	7.20	6.26
Total	**608.43**	**503.17**	**143.56**

Note 13: Payables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises.	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,633.97	1,238.87	1,103.55
Total	**1,633.97**	**1,238.87**	**1,103.55**

Note 14: Debt Securities

Particulars	As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured Non-Convertible Debentures* (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer note 14.1)	5,237.61	-	-	5,237.61
Secured Non-Convertible Debentures -Listed** (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer note 14.2 & 14.3)	74,631.92	-	-	74,631.92
Total (A)	**79,869.53**	**-**	**-**	**79,869.53**
Debt securities in India	79,869.53	-	-	79,869.53
Debt securities outside India	-	-	-	-
Total (B)	**79,869.53**	**-**	**-**	**79,869.53**

*Excludes unpaid (unclaimed) matured debentures of Rs.113.13 millions shown as a part of Other financial liabilities in Note 17.
**Includes EIR impact of transaction cost

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured Non-Convertible Debentures* (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer note 14.1)	8,429.17	-	-	8,429.17
Secured Non-Convertible Debentures -Listed** (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer note 14.2 & 14.3)	43,558.77	-	-	43,558.77
Total (A)	**51,987.94**	**-**	**-**	**51,987.94**
Debt securities in India	51,987.94	-	-	51,987.94
Debt securities outside India	-	-	-	-
Total (B)	**51,987.94**	**-**	**-**	**51,987.94**

*Excludes unpaid (unclaimed) matured debentures of Rs.340.31 millions shown as a part of Other financial liabilities in Note 17.
**Includes EIR impact of transaction cost

Particulars	As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured Non-Convertible Debentures* (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer note 14.1)	24,465.06	-	-	24,465.06
Secured Non-Convertible Debentures -Listed** (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer note 14.2 & 14.3)	36,907.89	-	-	36,907.89
Total (A)	**61,372.95**	**-**	**-**	**61,372.95**
Debt securities in India	61,372.95	-	-	61,372.95
Debt securities outside India	-	-	-	-
Total (B)	**61,372.95**	**-**	**-**	**61,372.95**

*Excludes unpaid (unclaimed) matured debentures of Rs.725.02 millions shown as a part of Other financial liabilities in Note 17.
**Includes EIR impact of transaction cost

(Rupees in millions, except for share data and unless otherwise stated)

14.1 Secured Redeemable Non-Convertible Debentures

The Company had privately placed Secured Redeemable Non- Convertible Debentures for a maturity period of 60-120 months with a principal amount outstanding of Rs.5,350.74 millions (March 31,2018: Rs.8,769.48 millions; April 01, 2017: Rs.25,190.08 millions)

Series	Date of allotment	Amount As at March 31, 2019	Amount As at March 31, 2018	Amount As at April 01, 2017	Redemption Period from the date of allotment	Interest Rate %
CU	31.03.2014	7.50	10.00	15.00	120 months	10.50-12.50
CT	14.03.2014-31.03.2014	7.50	25.00	34.00	120 months	10.50-12.50
CS	27.02.2014-14.03.2014	17.50	44.50	47.00	120 months	10.50-12.50
CR	07.02.2014-27.02.2014	10.00	22.50	25.00	120 months	10.50-12.50
CQ	04.02.2014-07.02.2014	13.00	37.00	44.50	120 months	10.50-12.50
CP	20.01.2014-04.02.2014	58.00	84.00	84.00	120 months	10.50-12.50
CO	10.01.2014-20.01.2014	107.50	125.00	130.00	120 months	10.50-12.50
CN	03.01.2014-10.01.2014	63.50	77.50	87.50	120 months	10.50-12.50
CM	24.12.2013-03.01.2014	32.50	35.00	37.50	120 months	10.50-12.50
CL	05.12.2013-24.12.2013	11.00	34.00	41.50	120 months	10.50-12.50
CK	18.11.2013-05.12.2013	5.00	24.00	34.50	120 months	10.50-12.50
CJ	29.10.2013-18.11.2013	7.50	29.50	34.50	120 months	10.50-12.50
CI	09.10.2013-29.10.2013	25.00	37.00	39.50	120 months	10.50-12.50
CH	27.09.2013 - 09.10.2013	25.00	61.50	66.50	120 months	10.50-12.50
CG	06.09.2013 - 27.09.2013	10.00	15.50	28.00	120 months	10.50-12.50
CF	31.08.2013 - 06.09.2013	7.50	20.50	25.50	120 months	10.50-12.50
CE	12.08.2013 - 31.08.2013	23.50	26.00	36.00	120 months	10.50-12.50
CD	31.07.2013 - 10.08.2013	7.50	23.50	41.00	120 months	10.50-12.50
CC	08.07.2013 - 31.07.2013	17.50	33.00	46.00	120 months	10.50-12.50
CB	24.06.2013 - 07.07.2013	712.57	1,108.18	1,521.76	120 months	10.50-12.50
CA	18.04.2013 - 23.06.2013	1,492.66	2,216.04	2,907.82	120 months	10.50-12.50
BZ	01.03.2013 - 17.04.2013	1,231.01	1,976.54	2,835.20	120 months	10.50-12.50
BY	18.01.2013 - 28.02.2013	907.86	1,567.41	2,627.20	120 months	10.50-12.50
CZ	04.05.2016	415.00	415.00	415.00	60 months	9.25-9.50
CY	03.02.2016	-	260.00	260.00	60 months	9.50-9.75
CW	08.05.2014	9.50	49.00	60.50	60 months	10.00-12.00
CV	24.04.2014	12.50	72.00	97.00	60 months	10.00-12.00
BX	26.11.2012 - 17.01.2013	12.26	83.32	2,430.07	60 months	10.50-12.50
BW	01.10.2012 - 25.11.2012	18.92	67.22	3,141.93	60 months	11.50-12.50
BV	17.08.2012 - 30.09.2012	12.29	43.21	1,919.05	60 months	11.50-12.50
BU	01.07.2012 - 16.08.2012	6.46	27.35	2,234.01	60 months	11.50-12.50
BT	21.05.2012 - 30.06.2012	5.61	15.97	1,509.72	60 months	11.50-12.50
BS	01.05.2012 - 20.05.2012	4.70	9.36	662.88	60 months	11.50-12.50
BR	01.03.2012 - 30.04.2012	13.21	24.92	1,333.89	60 months	11.50-12.50
BQ	23.01.2012 - 29.02.2012	5.02	14.26	154.86	60 months	11.50-12.50
BP	01.12.2011 - 22.01.2012	4.46	9.23	67.27	60 months	11.50-12.50
BO	19.09.2011 – 30.11.2011	5.11	8.30	41.73	60 months	11.00-12.00
BN	01.07.2011 – 18.09.2011	4.77	9.37	25.76	60 months	11.00-12.00
BM	01.04.2011 – 30.06.2011	2.65	6.02	12.70	60 months	11.00-12.00
BL	01.01.2011 - 31.03.2011	4.08	5.27	9.05	60 months	10.00-11.50
BK	01.10.2010 - 31.12.2010	2.05	2.53	5.32	60 months	9.50-11.50
BJ	01.07.2010 – 30.09.2010	2.90	2.93	5.34	60 months	9.50-11.00
BI	01.04.2010 - 30.06.2010	0.80	0.84	1.61	60 months	9.00-10.50
BH	01.01.2010 - 31.03.2010	1.90	1.91	2.08	60 months	9.00-10.50
BG	01.10.2009 - 31.12.2009	0.78	0.89	1.45	60 months	9.50-10.50
BF	01.07.2009 - 30.09.2009	1.38	1.49	1.83	60 months	10.50
BE	01.04.2009 - 30.06.2009	0.05	0.15	0.54	60 months	10.50-11.50
BD	01.01.2009 - 31.03.2009	2.61	2.81	2.86	60 months	11.00-12.00
BC	22.09.2008 - 31.12.2008	0.29	0.35	0.38	60 months	11.00-12.00
BB	10.07.2008 - 21.09.2008	0.08	0.11	0.10	60 months	11.00-11.50
AZ	01.04.2008 - 02.07.2008	0.37	0.37	1.05	60 months	10.50-11.00
AY	01.01.2008 - 31.03.2008	0.05	0.05	0.07	60 months	10.50-11.00
AX	01.10.2007 - 31.12.2007	0.12	0.12	0.11	60 months	10.50-11.00
AW	01.07.2007 - 30.09.2007	0.21	0.29	0.29	60 months	10.50-11.00
AV	01.04.2007 - 30.06.2007	0.01	0.12	0.12	60 months	10.50-11.00
AE	15.07.2004 - 30.09.2004	-	0.03	0.03	90 months	10.83-12.00
AU	01.01.2007 - 31.03.2007	-	1.24	1.24	60 months	9.00-11.00
AT	13.08.2006 - 31.12.2006	-	0.13	0.20	60 months	9.00-9.50
AS	01.05.2006 - 12.08.2006	-	0.15	0.19	60 months	8.50-9.00
AR	15.06.2005 - 30.04.2006	-	-	0.11	60 months	8.00-8.50
AQ	01.04.2005 - 14.06.2005	-	-	0.03	60 months	8.00-8.50
AP	07.02.2005 - 14.06.2005	-	-	0.03	60 months	9.27-10.08
AO	07.02.2005 - 31.03.2005	-	-	0.04	60 months	8.00-8.50
AN	01.01.2005 - 06.02.2005	-	-	0.15	60 months	8.50-9.00
AI	01.10.2004 - 06.02.2005	-	-	0.01	60 months	10.20-12.00
	Sub Total	**5,350.74**	**8,769.48**	**25,190.08**		
	Less: Unpaid/(Unclaimed) matured debentures shown as a part of Other financial liabilities	**113.13**	**340.31**	**725.02**		
	Total	**5,237.61**	**8,429.17**	**24,465.06**		

(Rupees in millions, except for share data and unless otherwise stated)

14.2 Secured Redeemable Non-Convertible Debentures - Public Issue & Listed
The principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at Rs.69,396.98 millions (March 31,2018: Rs 43,841.54 millions, April 01, 2017: Rs.37,098.15 millions).

Series	Date of allotment	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Redemption Period from the date of allotment	Interest rate %
PL 19	20.03.2019	2,491.39	-	-	60 Months	9.75-10.00
PL 18	19.04.2018	9,839.02	-	-	60 Months	8.75-9.00
PL 19	20.03.2019	3,049.07	-	-	38 Months	9.50-9.75
PL 17	24.04.2017	2,517.38	2,517.38	-	60 Months	8.75-9.00
PL 16	30.01.2017	936.30	936.30	936.30	60 Months	9.00-9.25
PL 18	19.04.2018	19,092.87	-	-	38 Months	8.50-8.75
PL 15	12.05.2016	30.09	30.09	30.09	60 Months	9.00-9.25
PL 19	20.03.2019	1,554.11	-	-	24 Months	9.25-9.50
PL 14	20.01.2016	27.61	27.61	27.61	60 Months	9.25-9.50
PL 13	14.10.2015	31.97	31.98	31.97	60 Months	9.50-9.75
PL 17	24.04.2017	15,271.39	15,271.39	-	38 Months	8.50-8.75
PL 12	23.04.2015	60.01	60.01	60.01	60 Months	10.25-10.50
PL 18	19.04.2018	924.00	-	-	24 Months	8.25-8.50
PL 16	30.01.2017	8,829.02	8,829.02	8,829.02	36 Months	9.00-9.25
PL 11	29.12.2014	70.52	70.52	70.52	60 Months	10.75-11.00
PL 10	26.09.2014	62.76	62.76	62.76	60 Months	11.00-11.25
PL 9	04.07.2014	79.61	79.61	79.61	60 Months	11.00-11.50
PL 18	19.04.2018	144.11	-	-	400 Days	8.00
PL 15	12.05.2016	3,022.39	3,022.39	3,022.39	36 Months	9.50-9.75
PL 17	24.04.2017	1,350.36	1,350.36	-	24 Months	8.25-8.50
PL 8	02.04.2014	13.00	13.01	13.01	60 Months	11.00-11.50
PL 7	04.02.2014	-	37.87	37.87	60 Months	11.50-12.00
PL 16	30.01.2017	-	2,924.41	2,924.41	24 Months	8.75-9.00
PL 14	20.01.2016	-	2,605.50	2,605.50	36 Months	9.75-10.00
PL 6	04.12.2013	-	39.23	39.23	60 Months	11.50-12.00
PL 4	01.11.2012	-	182.17	182.17	72 Months	12.25
PL 17	24.04.2017	-	65.81	-	18 Months	8.15
PL 13	14.10.2015	-	2,743.36	2,743.36	36 Months	10.00-10.25
PL 5	25.09.2013	-	51.76	51.76	60 Months	11.50-12.00
PL 16	30.01.2017	-	13.57	13.57	18 Months	8.50
PL 17	24.04.2017	-	295.06	-	400 Days	8.00
PL 15	12.05.2016	-	1,058.72	1,058.72	24 Months	9.25-9.50
PL 12	23.04.2015	-	1,521.65	1,521.65	36 Months	10.50-10.75
PL 16	30.01.2017	-	-	296.70	400 Days	8.25
PL 14	20.01.2016	-	-	1,019.67	24 Months	9.50-9.75
PL 11	29.12.2014	-	-	1,968.96	36 Months	11.00-11.25
PL 15	12.05.2016	-	-	310.98	18 Months	9.00
PL 4	01.11.2012	-	-	744.01	60 Months	11.75-12.00
PL 3	18.04.2012	-	-	556.45	66 Months	13.43
PL 13	14.10.2015	-	-	1,170.58	24 Months	9.75-10.00
PL 10	26.09.2014	-	-	2,273.98	36 Months	11.25-11.50
PL 2	18.01.2012	-	-	910.21	66 Months	13.43
PL 9	04.07.2014	-	-	2,265.65	36 Months	11.50.-11.75
PL 15	12.05.2016	-	-	341.81	400 Days	8.75
PL 12	23.04.2015	-	-	685.13	24 Months	10.25-10.50
PL 3	18.04.2012	-	-	212.49	60 Months	13.25
	Sub Total	**69,396.98**	**43,841.54**	**37,098.15**		
	Less: EIR impact of transaction cost	515.06	282.77	190.26		
	Total	**68,881.92**	**43,558.77**	**36,907.89**		

14.3 Secured Redeemable Non-Convertible Debentures - Private Placement & Listed
The principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures privately placed stood at Rs.5,750.00 millions (March 31,2018: Nil, April 01,2017: Nil)

Series	Date of allotment	Amount	Amount	Amount	Redemption Period from the date of allotment	Interest Rate %
		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017		
3	22.11.2018	1,300.00	-	-	3year+71days	9.50-9.75
1	26.07.2018	1,750.00	-	-	3year	9.75
3	22.11.2018	200.00	-	-	2year+71days	9.25-9.50
2	13.08.2018	2,500.00	-	-	1year+314days	9.60
	Total	**5,750.00**	**-**	**-**		

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 15: Borrowings (other than debt securities)

Particulars	As at March 31, 2019			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
(a) Term loan				
(i) from banks				
Term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	6,979.87	-	-	6,979.87
(Terms of Repayment: Rs.2,333.20 millions during FY 2019-20 in 4 quarterly installments, Rs. 2,333.20 millions during FY 2020-21 in 4 quarterly installments, Rs. 2,333.60 millions during FY 2021-22 in 4 quarterly installments Rate of Interest: 10.00 % p.a.)				
(ii) from financial institutions				
Term Loan (Secured by specific charge on vehicles)	11.19	-	-	11.19
(Terms of Repayment: Rs. 2.56 millions during FY 2019-20 in 12 monthly installments, Rs. 2.80 millions during FY 2020-21 in 12 monthly installments, Rs. 2.04 millions during FY 2021-22 in 12 monthly installments, Rs.2.24 millions during FY 2022-23 in 12 monthly installments, Rs. 1.54 millions during FY 2023-24 in 6-8-12 monthly installments Rate of Interest: 9.00-9.90% p.a.).				
(b) Loans from related party				
Loan from Directors and Relatives (Unsecured)	5,711.08	-	-	5,711.08
(Terms of Repayment: Rs 1761.08 millions repayable on demand- Rate of Interest: 8.00% p.a, Rs. 3,950.00 millions repayable on 31 March 2022 - Rate of Interest: 8.75% p.a.)				
(c) Loans repayable on demand				
(i) from banks				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	1.84	-	-	1.84
Cash Credit/Short Term Loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	121,446.34	-	-	121,446.34
Short term loan (unsecured)	1,250.00	-	-	1,250.00
(ii) from financial institutions				
Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	1,249.51	-	-	1,249.51
(d) Commercial paper	47,524.96	-	-	47,524.96
Total (A)	**184,174.79**	**-**	**-**	**184,174.79**
Borrowings in India	184,174.79	-	-	184,174.79
Borrowings outside India	-	-	-	-
Total (B)	**184,174.79**	**-**	**-**	**184,174.79**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
(i) from banks				
Term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Terms of Repayment: During FY 2018-19 in 4 quarterly installments , Rate of Interest: 8.65% p.a)	1,999.57	-	-	1,999.57
(ii) from financial institutions				
Term Loan (Secured by specific charge on vehicles)	3.72	-	-	3.72
(Terms of Repayment: Rs. 1.93 millions during FY 2018-19 in 7-8-12 monthly installments, Rs. 0.85 millions during FY 2019-20 in 12 monthly installments & Rs 0.93 millions during FY 2020-21 in 12 monthly installments, Rate of Interest: 9.00-9.30% p.a.).				
(b) Loans from related party				
Loan from Directors and Relatives (Unsecured) (Terms of Repayment: Rs 3865.05 millions repayable on demand- Rate of Interest: 8.00% p.a, Rs. 4,950.00 millions repayable on 31 March 2022 - Rate of Interest: 8.75% p.a.)	8,815.05	-	-	8,815.05
(c) Loans repayable on demand				
(i) from banks				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	0.58	-	-	0.58
Cash Credit/Short Term Loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	109,822.94	-	-	109,822.94
(d) Commercial paper	28,180.87	-	-	28,180.87
Total (A)	**148,822.73**	**-**	**-**	**148,822.73**
Borrowings in India	148,822.73	-	-	148,822.73
Borrowings outside India	-	-	-	-
Total (B)	**148,822.73**	**-**	**-**	**148,822.73**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Particulars	As at April 01, 2017			
	At amortised cost	**At fair value through profit or loss**	**Designated at fair value through profit or loss**	**Total**
(a) Term loan				
(i) from banks				
Term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Terms of Repayment: During FY 2018-19 in 4 quarterly installments , Rate of Interest: 8.75% p.a)	2,000.00	-	-	2,000.00
Term Loan (Secured by specific charge on vehicles) Terms of Repayment: (Rs. 0.08 millions during FY 2017-18 in 3 monthly installments. Rate of interest: 10.51% p.a.)	0.08	-	-	0.08
(ii) from financial institutions				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment: Rs. 1.70 millions during FY 2017-18 in 12 monthly installments & Rs 1.15 millions during FY 2018-19 in 7-8 monthly installments, Rate of Interest: 9.19-9.30% p.a.).	2.85	-	-	2.85
(b) Loans from related party				
Loan from Directors and Relatives (Unsecured) (Terms of Repayment: Rs 1034.10 millions repayable on demand- Rate of Interest: 8.00% p.a, Rs. 4,950.00 millions repayable on 31 March 2022 - Rate of Interest: 8.75% p.a.)	5,984.10	-	-	5,984.10
(c) Loans repayable on demand				
(i) from banks				-
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	3.71	-	-	3.71
Cash Credit/Short Term Loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances)	89,248.11	-	-	89,248.11
Short term loan (unsecured)	750.00	-	-	750.00
(d) Commercial paper	31,548.45	-	-	31,548.45
Total (A)	**129,537.30**	**-**	**-**	**129,537.30**
Borrowings in India	129,537.30	-	-	129,537.30
Borrowings outside India	-	-	-	-
Total (B)	**129,537.30**	**-**	**-**	**129,537.30**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 16: Subordinated Liabilities

Particulars	As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Debt* (Refer note 16.1)	458.50	-	-	458.50
Subordinated Debt- Listed** (Refer note 16.2 & 16.3)	3,828.70	-	-	3,828.70
Total (A)	**4,287.20**	**-**	**-**	**4,287.20**
Subordinated Liabilities in India	4,287.20			4,287.20
Subordinated Liabilities outside India				
Total (B)	**4,287.20**	**-**	**-**	**4,287.20**

*Excludes unpaid (unclaimed) matured debentures of Rs.138.93 millions shown as a part of Other financial liabilities in Note 17.
**Includes EIR impact of transaction cost

Particulars	As at March 31, 2018			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Debt* (Refer note 16.1)	7,037.97	-	-	7,037.97
Subordinated Debt- Listed** (Refer note 16.2 & 16.3)	3,821.73	-	-	3,821.73
Total (A)	**10,859.70**	**-**	**-**	**10,859.70**
Subordinated Liabilities in India	10,859.70			10,859.70
Subordinated Liabilities outside India				
Total (B)	**10,859.70**	**-**	**-**	**10,859.70**

*Excludes unpaid (unclaimed) matured debentures of Rs.350.25 millions shown as a part of Other financial liabilities in Note 17.
**Includes EIR impact of transaction cost

Particulars	As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Debt* (Refer note 16.1)	15,077.64	-	-	15,077.64
Subordinated Debt- Listed** (Refer note 16.2 & 16.3)	3,633.26	-	-	3,633.26
Total (A)	**18,710.90**	**-**	**-**	**18,710.90**
Subordinated Liabilities in India	18,710.90			18,710.90
Subordinated Liabilities outside India				
Total (B)	**18,710.90**	**-**	**-**	**18,710.90**

*Excludes unpaid (unclaimed) matured debentures of Rs.379.93 millions shown as a part of Other financial liabilities in Note 17.
**Includes EIR impact of transaction cost

(Rupees in millions, except for share data and unless otherwise stated)

16.1 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016. The principal amount of outstanding privately placed subordinated debt stood at Rs.597.43 millions (March 31,2018: Rs.7,388.23 millions, April 01, 2017: Rs.15,457.56 millions)

Series	Date of allotment	Amount	Amount	Amount	Redemption Period from the date of allotment	Interest Rate %
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017		
XVII	09.05.2014	21.00	21.00	21.00	72 months	11.61
XVI	18.02.2014 - 31.03.2014	46.00	46.00	46.00	66 months	12.67
XV	22.12.2013 - 17.02.2014	98.50	98.50	98.50	66 months	12.67
XIV	18.09.2013 - 21.12.2013	293.00	298.00	298.00	66 months	12.67
XIII	08.07.2013 - 17.09.2013	7.50	98.00	98.00	66 months	12.67
XII	01.04.2013 - 07.07.2013	50.36	1,825.30	1,825.30	66 months	12.67
XI	01.10.2012 - 31.03.2013	40.45	4,651.17	4,651.17	66 months	12.67-13.39
X	01.04.2012 - 30.09.2012	20.08	292.86	3,548.56	66 months	12.67-13.39
IX	01.11.2011 - 31.03.2012	7.49	33.98	4,081.08	66 months	12.67-13.39
VIII	01.07.2011 - 31.10.2011	3.35	10.02	686.46	66 months	12.67
VII	01.01.2011 - 07.02.2011	0.72	1.68	26.06	72 months	11.61
VII	01.04.2011 - 30.06.2011	1.62	2.70	30.24	66 months	12.67
VII	08.02.2011 - 31.03.2011	1.57	2.20	8.99	66 months	12.67
VI	01.07.2010 - 31.12.2010	1.64	2.21	29.60	72 months	11.61
V	01.01.2010 - 30.06.2010	0.84	1.12	3.06	72 months	11.61
IV	17.08.2009 - 31.12.2009	1.18	1.22	2.14	72 months	11.61
IV	01.07.2009 - 16.08.2009	0.05	0.05	0.05	72 months	12.50
IV	01.07.2009 - 16.08.2009	1.44	1.44	2.17	69 months	12.12
III	15.12.2008 - 30.06.2009	0.23	0.23	0.23	72 months	12.50
III	15.12.2008 - 30.06.2009	0.41	0.54	0.95	69 months	12.12
	Sub Total	**597.43**	**7,388.22**	**15,457.57**		
	Less: Unpaid (Unclaimed) matured debentures shown as a part of Other financial liabilities	138.93	350.25	379.93		
	Total	**458.50**	**7,037.97**	**15,077.64**		

(Rupees in millions, except for share data and unless otherwise stated)

16.2 Subordinated Debt -Public & Listed

The principal amount of outstanding Unsecured Redeemable Non- Convertible Listed Debentures issued as Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016 issued through Public Issue stood at Rs.3,748.98 millions (March 31, 2018: Rs.3,748.98 millions, April 01,2017: Rs.3,561.81 millions).

Series	Date of allotment	Amount	Amount	Amount	Redemption Period from the date of allotment	Interest Rate %
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017		
PL 17	24.04.2017	187.17	187.17	-	96 Months	9.06
PL 16	30.01.2017	317.76	317.76	317.76	96 Months	9.06
PL 15	12.05.2016	236.00	236.00	236.00	90 Months	9.67
PL 14	20.01.2016	230.39	230.39	230.39	87 Months	10.02
PL 13	14.10.2015	359.47	359.47	359.47	84 Months	10.41
PL 12	23.04.2015	289.15	289.15	289.15	81 Months	10.80
PL 11	29.12.2014	386.54	386.54	386.54	78 Months	11.23
PL 10	26.09.2014	304.36	304.36	304.36	78 Months	11.23
PL 9	04.07.2014	364.49	364.49	364.49	75 Months	11.70
PL 8	02.04.2014	193.46	193.46	193.46	75 Months	11.70
PL 7	04.02.2014	437.57	437.57	437.57	72 Months	12.25
PL 6	04.12.2013	232.88	232.88	232.88	72 Months	12.25
PL 5	25.09.2013	209.74	209.74	209.74	72 Months	12.25
	Sub Total	**3,748.98**	**3,748.98**	**3,561.81**		
	Less: EIR impact of transaction cost	20.28	27.25	28.55		
	Total	**3,728.70**	**3,721.73**	**3,533.26**		

16.3 Subordinated Debt - Private Placement & Listed

The principal amount of outstanding of privately placed Unsecured Redeemable Non-Convertible Listed Debentures issued as Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016 stood at Rs 100.00 millions (March 31, 2018:Rs.100.00 millions: April 01, 2017: Rs.100 millions)

Series	Date of allotment	Amount	Amount	Amount	Redemption Period from the date of allotment	Interest Rate %
		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017		
IA	26.03.2013	100.00	100.00	100.00	120 Months	12.35
	Total	**100.00**	**100.00**	**100.00**		

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 17: Other Financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on borrowings	8,964.73	12,014.17	19,260.56
Unpaid (Unclaimed) dividend	6.66	4.92	3.26
Interim Dividend Payable	-	-	2,396.85
Corporate Dividend Tax Payable	-	-	487.94
Unpaid (Unclaimed) matured Non Convertible Debentures and interest accrued thereon	413.35	1,115.76	1,594.61
Unpaid (Unclaimed) matured Listed Non convertible Debentures and interest accrued thereon	59.78	18.69	31.74
Security deposits received	83.42	83.38	76.62
Auction surplus refundable	161.87	59.95	73.76
Others	74.05	42.10	21.12
Total	**9,763.86**	**13,338.97**	**23,946.46**

Note 18: Provisions

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision in excess of ECL (Refer footnote (e) to Note 45)	1,733.89	2,004.48	755.94
Provision for undrawn commitments	2.79	-	-
Provision for employee benefits			
- Gratuity	102.48	-	5.27
- Compensated absences	228.56	212.43	-
Provisions for other losses	38.48	22.23	3.15
Total	**2,106.20**	**2,239.14**	**764.36**

The movement in Provisions for other losses during 2018-19 and 2017-18 is as follows:

	Amount
As at April 01, 2017	**3.15**
Additions	19.08
Reversed	
Utilised	-
As at March 31, 2018	**22.23**
Additions	16.25
Reversed	
Utilised	-
As at March 31, 2019	**38.48**

Note 19: Other Non-financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Statutory dues payable	213.96	401.53	239.97
Advance interest received on loans	105.83	112.96	321.23
Total	**319.79**	**514.49**	**561.20**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 20: Equity share capital

20.1 The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised			
450,000,000 (March 31, 2018 & April 01, 2017: 450,000,000) Equity shares of Rs.10/- each	4,500.00	4,500.00	4,500.00
5,000,000 (March 31, 2018 & April 01, 2017: 5,000,000) Preference shares of Rs.1000/- each	5,000.00	5,000.00	5,000.00
Issued, subscribed and fully paid up			
400,661,316 (March 31, 2018: 400,041,239; April 01, 2017: 399,475,549) Equity shares of Rs. 10/- each fully paid up	4,006.61	4,000.41	3,994.76
Total Equity	**4,006.61**	**4,000.41**	**3,994.76**

20.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The Company declares and pays dividends in Indian rupees. The interim dividend is declared and approved by Board of Directors. The final dividend proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

20.3 Reconciliation of the number of Equity shares and of Equity share capital amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at April 01, 2017	**399,475,549**	**3,994.76**
Shares issued in exercise of Employee Stock Options during the year	565,690	5.65
As at March 31, 2018	**400,041,239**	**4,000.41**
Shares issued in exercise of Employee Stock Options during the year	620,077	6.20
As at March 31, 2019	**400,661,316**	**4,006.61**

(Rupees in millions, except for share data and unless otherwise stated)

20.4 Details of Equity shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class	No. of shares held	% holding in the class
M. G. George Muthoot	46,551,632.00	11.62%	46,551,632.00	11.64%	46,551,632.00	11.65%
George Alexander Muthoot	43,630,900.00	10.89%	43,630,900.00	10.91%	43,630,900.00	10.92%
George Jacob Muthoot	43,630,900.00	10.89%	43,630,900.00	10.91%	43,630,900.00	10.92%
George Thomas Muthoot	43,630,900.00	10.89%	43,630,900.00	10.91%	43,630,900.00	10.92%
Susan Thomas	29,985,068.00	7.48%	29,985,068.00	7.50%	29,985,068.00	7.51%

20.5 Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back.

Particulars	Fully paid up pursuant to contract(s) without payment being received in cash	Fully paid up by way of bonus shares	Shares bought back
Equity Shares :			
2018-2019	Nil	Nil	Nil
2017-2018	Nil	Nil	Nil
2016-2017	Nil	Nil	Nil
2015-2016	Nil	Nil	Nil
2014-2015	Nil	Nil	Nil

20.6 Shares reserved for issue under Employee Stock Option Scheme

The Company has reserved 1,110,170 equity shares (March 31, 2018: 2,071,329; April 01, 2017 : 2,837,904) for issue under the Employee Stock Option Scheme 2013.

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 21: Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Reserve		
Balance at the beginning of the year	16,095.04	12,654.51
Add: Transfer from Retained earnings	3,944.29	3,440.53
Balance at the end of the year	**20,039.33**	**16,095.04**
Securities Premium		
Balance at the beginning of the year	14,797.04	14,721.81
Add: Securities premium on share options exercised during the year	93.37	75.23
Balance at the end of the year	**14,890.41**	**14,797.04**
Debenture Redemption Reserve		
Balance at the beginning of the year	25,347.81	20,335.91
Add: Amount transferred from Retained earnings	9,776.16	5,011.90
Balance at the end of the year	**35,123.97**	**25,347.81**
General Reserve		
Balance at the beginning of the year	2,676.33	2,676.33
Add: Amount transferred from Retained earnings	-	-
Balance at the end of the year	**2,676.33**	**2,676.33**
Share option outstanding account		
Balance at the beginning of the year	185.82	171.42
Add : Share based payment expenses	47.69	67.54
Less: Transfer to Securities premium on account of options exercised	68.86	53.14
Balance at the end of the year	**164.65**	**185.82**
Retained Earnings		
Balance at the beginning of the year	**14,869.86**	**10,359.96**
Add: Profit for the period	**19,721.42**	**17,775.60**
Less: Appropriation :-		
Interim Dividend on equity shares	-	3,999.14
Tax on dividend on equity shares	-	814.13
Transfer to Debenture Redemption Reserve	9,776.16	5,011.90
Transfer to Statutory Reserve	3,944.29	3,440.53
Total appropriations	**13,720.45**	**13,265.70**
Balance at the end of the year	**20,870.83**	**14,869.86**
Other Comprehensive Income		
Balance at the beginning of the year	147.90	86.88
Add: Addition during the year	7.16	61.02
Balance at the end of the year	**155.06**	**147.90**
Total	**93,920.58**	**74,119.80**

(Rupees in millions, except for share data and unless otherwise stated)

21.1 Nature and purpose of reserve

Statutory reserve
Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. Accordingly an amount representing 20% of Profit for the period is transferred to the fund for the year.

Securities Premium
This Reserve represents the premium on issue of equity shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Debenture Redemption Reserve
In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of Companies (Share Capital and Debentures) Rules 2014 , the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
No Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies.

General Reserve
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings
This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

21.2 Dividend proposed to be distributed to equity shareholders for the period

Particulars	Year ended March 31, 2019
Dividend proposed to be distributed to equity shareholders for the period (not recognised as liability)	
Interim dividend for 2018-19: Rs.12/- per share	4,807.94
Date of declaration of interim dividend	April 05, 2019

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 22: Interest income

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	On Financial asset measured at fair value through OCI	On Financial asset measured at amortised cost	Interest income on financial assets classified at fair value through profit or loss	On Financial asset measured at fair value through OCI	On Financial asset measured at amortised cost	Interest income on financial assets classified at fair value through profit or loss
<u>**Interest on Loans**</u>						
Gold Loan	-	66,960.14	-	-	61,834.43	-
Personal Loan	-	130.25	-	-	25.60	-
Corporate Loan	-	0.91	-	-	-	-
Business Loan	-	2.64	-	-	0.06	-
Staff Loan	-	3.97	-	-	6.33	-
Loans to subsidiaries	-	260.07	-	-	50.96	-
Other Loans	-	32.91	-	-	27.21	-
Interest income from investments	-	25.62	-	-	5.75	-
Interest on deposits with bank	-	100.51	-	-	58.68	-
Other interest income	-	53.10	-	-	12.28	-
Total	**-**	**67,570.12**	**-**	**-**	**62,021.30**	**-**

Note 23: Net gain on fair value changes

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	480.50	41.91
- Derivatives	-	59.07
- Others	-	-
(B) Loss on fair valuation of equity shares	-	(0.03)
Total Net gain on fair value changes (C)	**480.50**	**100.95**
Fair Value changes:		
- Realised	480.50	100.67
- Unrealised	-	0.28
Total Net gain on fair value changes	**480.50**	**100.95**

Note 24: Sale of services

Particulars	Year ended March 31,	Year ended March 31,
Income from Money Transfer business	211.54	205.75
Income from Power Generation - Windmill	17.97	21.71
Total	**229.51**	**227.46**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 25: Other Income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Bad debt recovered	4.82	2.72
Rental income	5.62	4.69
Others	13.78	658.96
Total	**24.22**	**666.37**

Note 26: Finance Costs

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost
Interest on borrowings (other than debt securities)	-	13,782.12	-	9,746.33
Interest on debt securities	-	7,260.14	-	6,435.71
Interest on subordinated liabilities	-	1,326.18	-	3,105.53
Other charges	-	-	-	26.46
Total	**-**	**22,368.44**	**-**	**19,314.03**

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Note 27: Impairment on financial instruments

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost
Loan Assets	-	-	-	2,061.03
Bad Debts Written Off	-	259.24	-	316.42
Other Assets	-	16.24	-	19.06
Total	**-**	**275.48**	**-**	**2,396.51**

Note 28: Employee Benefits Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and Wages	8,249.70	7,193.40
Contributions to Provident and Other Funds	562.03	477.10
Share based payments to employees	47.69	67.54
Staff Welfare Expenses	116.11	85.80
Total	**8,975.53**	**7,823.84**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 29: Depreciation, amortization and impairment

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of tangible assets	385.68	405.17
Amortization of intangible assets	35.18	33.34
Total	**420.86**	**438.51**

Note 30: Other Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent	1,973.89	1,913.46
Rates & Taxes	328.59	126.92
Energy Costs	299.90	284.30
Repairs and Maintenance	207.77	237.58
Communication Costs	367.71	404.26
Printing and Stationery	153.46	136.23
Advertisement & Publicity	1,056.37	720.02
Directors' Sitting Fee	3.76	2.21
Commission to Non-Executive Directors	6.00	4.43
Auditor's fees and expenses (Refer Note 30.1)	5.09	3.20
Legal & Professional Charges	203.40	153.77
Insurance	71.06	64.28
Internal Audit and Inspection Expenses	101.32	89.24
Vehicle Hire & Maintenance	17.44	17.41
Travelling and Conveyance	239.73	182.49
Business Promotion Expenses	477.02	209.15
Bank Charges	62.65	32.53
Donation to Political Parties	4.20	-
ATM Service charges	52.91	57.97
Loss on Sale of Fixed Assets	3.80	2.81
Miscellaneous expense	78.84	72.23
Expenditure on Corporate Social Responsibility (Refer Note 30.2)	282.92	197.28
Total	**5,997.83**	**4,911.77**

(Rupees in millions, except for share data and unless otherwise stated)

Note 30.1 Auditor's fees and expenses:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
As Auditor's (including limited review)	4.25	3.00
For Other Services	0.73	0.20
For Reimbursement of Expenses	0.11	-
Total	**5.09**	**3.20**

Note 30.2 Expenditure on Corporate Social Responsibility(Refer note 49):

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Gross amount required to be spent by the Company during the year	405.49	284.37
b) Amount spent during the period		
i) Construction/acquisition of any asset		
- In cash	-	-
- Yet to be paid in cash	-	-
ii) On purpose other than (i) above -		
- In cash	282.92	197.28
- Yet to be paid in cash	-	-
Total	**282.92**	**197.28**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 31: Income Tax

The components of income tax expense for the year ended March 31, 2019 and year ended March 31, 2018 are:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	10,937.68	10,046.36
Adjustment in respect of current income tax of prior years	223.81	101.40
Deferred tax relating to origination and reversal of temporary differences	(114.75)	523.50
Income tax expense reported in statement of profit and loss	**11,046.74**	**10,671.26**
Income tax recognised in other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the period:		
- Fair value changes on equity instruments through other comprehensive income	11.85	10.28
- Remeasurement of defined benefit plans	(8.00)	22.02
Income tax charged to OCI	**3.85**	**32.30**

Reconciliation of the total tax charge:

The tax charge shown in the Statement of Profit and Loss differ from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2019 and year ended March 31, 2018 is, as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	30,768.16	28,446.86
At India's statutory income tax rate of 34.944% (2018: 34.608%)	10,751.63	9,844.89
Adjustments in respect of current income tax of previous year	223.81	101.40
Expenses disallowed in Income tax act	49.43	277.34
Effect of derecognition of previously recognised deferred tax assets		333.91
Income not subject to tax		
Long term capital gain on shares	-	-
Others - Section 80IA	(4.28)	(5.63)
Interest on income tax grouped under Current tax charge	21.69	118.75
Others	4.46	0.60
Income tax expense reported in the Statement of Profit and Loss	**11,046.74**	**10,671.26**

(Rupees in millions, except for share data and unless otherwise stated)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Deferred Tax Assets/(Liabilities)	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 01, 2017**
Fixed asset: Timing difference on account of Depreciation and Amortisation	269.50	247.46	213.94
On application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109 and amortisation of net income under Effective Interest Rate Method not adjusted under Income Tax Act, 1961	61.38	(123.98)	167.17
On Fair Value Changes of derivative liability not adjusted under Income Tax Act, 1961	-	-	20.44
On Amortisation of expenses under Effective Interest Rate method for financial liabilities not permitted under Income Tax Act, 1961	(222.35)	(110.34)	(80.82)
Net gain on fair valuation of Investments not adjusted under Income Tax Act, 1961	(53.01)	(40.53)	(29.74)
Fair Valuation of Employee Stock Options not permitted under Income Tax, 1961	14.74	(1.94)	(17.25)
On Other Provisions	104.89	93.57	346.30
Deferred Tax Assets (Net)	**175.15**	**64.24**	**620.04**

Reconciliation of deferred tax assets/(liabilities)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Opening balance	64.24	620.04
Tax income/(expense) during the period recognised in Statement of Profit and Loss	114.75	(523.50)
Tax income/(expense) during the period recognised in OCI	(3.85)	(32.30)
Closing balance	**175.15**	**64.24**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 32: Earnings per share

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net profit attributable to ordinary equity holders	19,721.42	17,775.60
Weighted average number of equity shares for basic earnings per share	400,260,954	399,656,347
Effect of dilution:	742,572	1,306,714
Weighted average number of equity shares for diluted earnings per share	**401,003,526**	**400,963,061**
Earnings per share:		
Basic earnings per share (Rs.)	**49.27**	**44.48**
Diluted earnings per share (Rs.)	**49.18**	**44.33**

Note 33: Assets pledged as security

The carrying amounts of assets pledged as security for secured debt securities as well as for secured borrowings other than debt securities are as below:

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets		
Cash and cash equivalents*	17,133.70	4,550.78
Bank Balance other than above*	146.21	287.78
Trade Receivables*	160.59	230.01
Loans*	355,688.40	301,159.33
Other Financial assets*	1,078.50	1,170.93
Non-financial Assets		
Other non financial assets*	276.28	200.24
Total	**374,483.68**	**307,599.07**

*Above assets have been provided as security on first pari-passu floating charge basis for secured debt securities as well as for secured borrowings other than debt securities and term loans taken by specific charge on vehicles.

Particulars	As at March 31, 2019	As at March 31, 2018
Property, Plant and Equipment		
Building	8.67	9.13
Vehicle	10.70	5.26
Total	**19.37**	**14.39**

Building as above have been provided as security on first pari-passu floating charge basis for secured debt securities .
Vehicles as above have been provided as security for certain term loans.

(Rupees in millions, except for share data and unless otherwise stated)

Note 34: Retirement Benefit Plan

Defined Contribution Plan

The Company makes contributions to Provident Fund which are defined contribution plan for qualifying employees. The Company recognized Rs. 301.01 millions (March 31, 2018: 234.76 millions) for Provident Fund contributions in the statement of profit and loss.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the company at 15 days salary (last drawn salary) for each completed year of service.

Gratuity liability is funded through a Gratuity Fund managed by Kotak Mahindra Old Mutual Life Insurance Limited and ICICI Prudential Life Insurance Company Limited.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Net liability/(assets) recognised in the Balance Sheet

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Present value of funded obligations	994.69	819.53	761.52
Fair value of plan assets	(892.21)	(875.15)	(756.25)
Defined Benefit obligation/(asset)	**102.48**	**(55.62)**	**5.27**

Net benefit expense recognised in statement of profit and loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	137.62	123.36
Past service cost	-	2.87
Net Interest on net defined benefit liablity/ (asset)	(2.41)	1.83
Net benefit expense	**135.21**	**128.06**

Details of changes in present value of defined benefit obligations as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation at the beginning of the year	819.53	761.52
Current service cost	137.62	123.36
Past Service Cost	-	2.87
Interest cost on benefit obligations	59.83	51.78
Re-measurements:		
a. Actuarial loss/(gain) arising from changes in demographic assumptions	-	-
b. Actuarial loss/ (gain) arising from changes in financial assumptions	16.00	(22.86)
c. Actuarial loss/ (gain) arising from experience over the past years	10.21	(47.78)
Benefits paid	(48.50)	(49.36)
Present value of defined benefit obligation at the end of the year	**994.69**	**819.53**

Details of changes in fair value of plan assets are as follows: -

Particulars	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets at the beginning of the year	875.15	756.25
Interest income on plan assets	62.23	49.96
Employer contributions	-	125.32
Benefits paid	(48.50)	(49.36)
Re-measurements:		
a. Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	3.33	(7.02)
Fair value of plan assets as at the end of the year	**892.21**	**875.15**

Actual return on plan assets	**65.56**	**42.94**
Expected employer contributions for the coming year	**100.00**	**100.00**

(Rupees in millions, except for share data and unless otherwise stated)

Remeasurement gain/ (loss) in other comprehensive income (OCI)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Re-measurements on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(16.00)	22.86
Actuarial gain/(loss) arising from experience over the past years	(10.21)	47.78
Re-measurements on plan assets		
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	3.33	(7.02)
Actuarial gain /(loss) (through OCI)	**(22.88)**	**63.62**

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Salary Growth Rate	7.00% p.a.	7.00% p.a.
Discount Rate	7.00% p.a.	7.30% p.a.
Withdrawal Rate	15.00% p.a.	15.00% p.a.
Mortality	IALM 2012-14 Ult.	IALM 2006-08 Ult.
Interest rate on net DBO/ (Assets)	7.30% p.a.	6.80% p.a.
Expected weighted average remaining working life	5 years	5 years

Investments quoted in active markets:

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Equity instruments	0.00%	0.00%
Debt instruments	0.00%	0.00%
Real estate	0.00%	0.00%
Derivatives	0.00%	0.00%
Investment Funds with Insurance Company	100.00%	100.00%
Of which, Unit Linked	99.95%	99.90%
Of which, Traditional/ Non-Unit Linked	0.05%	0.10%
Asset-backed securities	0.00%	0.00%
Structured debt	0.00%	0.00%
Cash and cash equivalents	0.00%	0.00%
Total	100.00%	100.00%

None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

A quantitative sensitivity analysis for significant assumptions as at March 31, 2019 and March 31, 2018 are as shown below:

Assumptions	Sensitivity Level	As at March 31, 2019	As at March 31, 2018
Discount Rate	Increase by 1%	(52.01)	(42.46)
Discount Rate	Decrease by 1%	57.77	47.17
Further Salary Increase	Increase by 1%	57.21	46.85
Further Salary Increase	Decrease by 1%	(52.48)	(42.95)
Employee turnover	Increase by 1%	(2.48)	(1.61)
Employee turnover	Decrease by 1%	2.52	1.58
Mortality Rate	Increase in expected lifetime by 1 year	Negligible change	(0.01)
Mortality Rate	Increase in expected lifetime by 3 years	Negligible change	(0.03)

The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses. The weighted average duration of the defined benefit obligation as at March 31, 2019 is 5 years (2018: 5 years).The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Description of Asset Liability Matching (ALM) Policy

The Company primarily deploys its gratuity investment assets in insurer-offered debt market-linked plans. As investment returns of the plan are highly sensitive to changes in interest rates, liability movement is broadly hedged by asset movement if the duration is matched.

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the fund are funded by assets. The company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments, mortality, withdrawals and other relevant factors.

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Note 35: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	17,134.85	-	17,134.85	4,551.91	-	4,551.91	12,895.49	-	12,895.49
Bank Balance other than above	218.18	2.05	220.23	316.02	1.92	317.94	2,444.97	2.08	2,447.05
Trade receivables	160.59	-	160.59	230.01	-	230.01	137.07	-	137.07
Loans	341,967.85	13,892.77	355,860.62	291,401.89	9,914.71	301,316.60	276,351.08	8,662.95	285,014.03
- Adjustment on account of EIR/ECL	-	-	(6,531.30)	-	-	(6,248.57)	-	-	(5,379.55)
Investments	-	9,825.56	9,825.56	10.21	3,944.06	3,954.27	-	2,177.12	2,177.12
- Adjustment on account of EIR/ECL	-	-	-	-	-	-	-	-	(0.02)
Other financial assets	184.41	894.61	1,079.02	307.90	863.04	1,170.94	402.05	889.60	1,291.65
Non-financial Assets									
Deferred tax assets (net)	-	175.15	175.15	-	64.24	64.24	-	620.04	620.04
Property, plant and equipment	-	1,866.58	1,866.58	-	1,922.35	1,922.35	-	2,021.79	2,021.79
Capital work-in-progress	-	228.30	228.30	-	57.37	57.37	-	99.75	99.75
Other intangible assets	-	58.97	58.97	-	82.32	82.32	-	60.52	60.52
Other non financial assets	487.83	120.60	608.43	475.33	27.84	503.17	64.52	79.04	143.56
Total assets	**360,153.71**	**27,064.59**	**380,687.00**	**297,293.27**	**16,877.85**	**307,922.55**	**292,295.18**	**14,612.89**	**301,528.50**

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Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities									
Financial Liabilities									
Derivative financial instruments	-	-	-	-	-	-	59.07	-	59.07
Trade payables	1,633.97	-	1,633.97	1,238.87	-	1,238.87	1,103.55	-	1,103.55
Debt Securities	17,456.41	62,928.18	80,384.59	16,414.00	35,856.70	52,270.70	31,952.24	29,610.98	61,563.22
- Adjustment on account of EIR	-	-	(515.06)	-	-	(282.76)	-	-	(190.27)
Borrowings (other than debt securities)	175,653.39	8,625.43	184,278.82	143,879.76	4,951.79	148,831.55	127,550.88	2,001.15	129,552.03
- Adjustment on account of EIR	-	-	(104.03)	-	-	(8.82)	-	-	(14.73)
Subordinated Liabilities	1,317.69	2,989.79	4,307.48	6,579.47	4,307.48	10,886.95	8,039.66	10,699.78	18,739.44
- Adjustment on account of EIR	-	-	(20.28)	-	-	(27.25)	-	-	(28.54)
Other Financial liabilities	7,812.31	1,951.55	9,763.86	10,548.56	2,790.41	13,338.97	17,226.77	6,719.69	23,946.46
Non-financial Liabilities									
Current tax liabilities (net)	604.47	-	604.47	800.50	-	800.50	471.13	-	471.13
Provisions	1,820.26	285.94	2,106.20	2,067.42	171.72	2,239.14	759.09	5.27	764.36
Other non-financial liabilities	319.79	-	319.79	514.49	-	514.49	561.20	-	561.20
Total Liabilities	**206,618.29**	**76,780.89**	**282,759.81**	**182,043.07**	**48,078.10**	**229,802.34**	**187,723.59**	**49,036.87**	**236,526.92**
Net	**153,535.42**	**(49,716.30)**	**97,927.19**	**115,250.20**	**(31,200.25)**	**78,120.21**	**104,571.59**	**(34,423.98)**	**65,001.58**

(Rupees in millions, except for share data and unless otherwise stated)

Note 36: Change in liabilities arising from financing activities disclosed as per IND AS 7, Cash flow statements

Particulars	As at March 31, 2018	Cash Flows	Changes in fair value	Others	As at March 31, 2019
Debt Securities	51,987.94	28,113.88	-	(232.30)	79,869.53
Borrowings other than debt securities	148,822.73	35,447.27	-	(95.21)	184,174.79
Subordinated Liabilities	10,859.70	(6,579.47)	-	6.97	4,287.20
Total liabilities from financing activities	**211,670.37**	**56,981.68**	**-**	**(320.54)**	**268,331.52**

Particulars	As at April 01, 2017	Cash Flows	Changes in fair value	Others	As at March 31, 2018
Debt Securities	61,372.95	(9,292.53)	-	(92.49)	51,987.94
Borrowings other than debt securities	129,537.30	19,279.51	-	5.91	148,822.73
Subordinated Liabilities	18,710.90	(7,852.49)	-	1.29	10,859.70
Total liabilities from financing activities	**209,621.15**	**2,134.49**	**-**	**(85.29)**	**211,670.37**

(Rupees in millions, except for share data and unless otherwise stated)

Note 37: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Contingent Liabilities			
(a) Claims against the company not acknowledged as debt			
(i) Income Tax Demands	2,044.49	67.74	41.68
(ii) Service Tax Demands	5,128.11	5,028.95	5,016.53
(iii) Others	426.97	426.97	26.97
(iv) Disputed claims against the company under litigation not acknowledged as debts	61.45	44.73	88.80
(v) Guarantees - Counter Guarantees Provided to Banks	316.49	222.21	228.69

(B) Commitments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Estimated amount of contracts remaining to be executed on capital account,net of advances and not provided for	254.20	374.70	331.70
Commitments related to loans sanctioned but undrawn	191.96	-	-

(C) Lease Disclosures

Finance Lease :
The Company has not taken or let out any assets on financial lease.

Operating Lease :
All operating lease agreements entered into by the Company are cancellable in nature. Consequently, disclosure requirement of future minimum lease payments in respect of non-cancellable operating lease as per Ind AS 17 is not applicable to the Company.

Lease rentals received for assets let out on operating lease Rs.5.62 millions (March 31, 2018: Rs.4.69 millions) are recognized as income in the Statement of Profit and Loss under the head ‘Other Income’ and lease rental payments for assets taken on an operating lease Rs.1,973.89 millions (March 31, 2018: Rs.1,913.46 millions) are recognized as ‘Rent’ in the Statement of Profit and Loss.

Note 38: Related Party Disclosures

Names of Related parties

(A) Subsidiaries

1. Asia Asset Finance PLC, Sri Lanka
2. Muthoot Homefin (India) Limited.
3. Belstar Investment and Finance Private Limited
4. Muthoot Insurance Brokers Private Limited
5. Muthoot Money Private Limited
6. Muthoot Asset Management Private Limited
7. Muthoot Trustee Private Limited

(B) Key Management Personnel	**Designation**
1. M. G. George Muthoot	Chairman & Wholetime Director
2. George Thomas Muthoot	Wholetime Director
3. George Jacob Muthoot	Wholetime Director
4. George Alexander Muthoot	Managing Director
5. Alexander M. George	Wholetime Director
6. George Joseph	Independent Director
7. Justice (Retd.) K.John Mathew	Independent Director (Retired on September 20, 2017)
8. John K.Paul	Independent Director
9. K.George John	Independent Director
10. Pamela Anna Mathew	Independent Director
11. Jose Mathew	Independent Director
12. Justice (Retd.) Jacob Benjamin Koshy	Independent Director

(C) Enterprises owned or significantly influenced by key management personnel or their relatives

1. Muthoot Vehicle & Asset Finance Limited
2. Muthoot Leisure And Hospitality Services Private Limited
3. MGM Muthoot Medical Centre Private Limited.
4. Muthoot Marketing Services Private Limited.
5. Muthoot Broadcasting Private Limited
6. Muthoot Forex Limited
7. Emgee Board and Paper Mills Private Limited
8. Muthoot Health Care Private Limited
9. Muthoot Precious Metals Corporation
10. GMG Associates
11. Muthoot Commodities Limited
12. Emgee Muthoot Benefit Fund (India) Limited
13. Geo Bros Muthoot Funds (India) Limited
14. Muthoot Investment Advisory Services Private Limited
15. Muthoot Securities Limited
16. Muthoot M George Permanent Fund Limited
17. Muthoot Housing & Infrastructure
18. Muthoot Properties & Investments
19. Venus Diagnostics Limited
20. Muthoot Systems & Technologies Private Limited
21. Muthoot Infopark Private Limited
22. Muthoot Anchor House Hotels Private Limited
23. Marari Beach Resorts Private Limited.
24. Muthoot M George Foundation
25. Muthoot M George Charitable Trust
26. Muthoot M George Institute of Technology

(D) Relatives of Key Management Personnel

1. Sara George w/o M. G. George Muthoot
2. Susan Thomas w/o George Thomas Muthoot
3. Elizabeth Jacob w/o George Jacob Muthoot
4. Anna Alexander w/o George Alexander Muthoot
5. George M. George s/o M. G. George Muthoot
6. George M. Jacob s/o George Jacob Muthoot
7. Reshma Susan Jacob d/o George Jacob Muthoot
8. George Alexander s/o George Alexander Muthoot
9. Eapen Alexander s/o George Alexander Muthoot
10. Anna Thomas d/o George Thomas Muthoot
11. Valsa Kurien w/o George Kurien
12.Tania Thomas d/o George Thomas Muthoot
13. Leela Zachariah sister of M. G. George Muthoot

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Related Party transactions during the year:

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of Travel Tickets for Company Executives/Directors/Customers	-	-	-	-
Travel Arrangements for Company Executives/Customers	-	-	-	-
Accommodation facilities for Company Executives/Clients/Customers	-	-	-	-
Brokerage paid for NCD Public Issue	-	-	-	-
Business Promotion Expenses	-	-	-	-
CSR Expenses	-	-	-	-
Repairs & Maintenance	-	-	-	-
Service Charges	-	-	-	-
Insurance	-	-	-	-
Foreign Currency purchased for travel	-	-	-	-
Interest paid on Loans/ Subordinated debts	257.56	240.44	293.54	316.90
Interest paid on NCD	0.75	0.75	-	-
Interest paid on NCD - Listed	-	-	10.47	3.99
Directors Remuneration	547.40	427.30	-	-
Non-executive Directors Remuneration	9.73	6.63	-	-
Salaries and Allowances	-	-	13.80	12.00
Loans accepted	2,336.89	4,462.27	2,211.73	3,712.10
Loans repaid	3,604.96	3,002.61	4,047.63	2,340.81
Subordinated debts repaid	0.05	0.21	-	-
Purchase of Listed NCD of the Company	1,170.00	-	1,869.60	65.05
Redemption of Listed NCD of the Company	72.10	30.00	7.10	150.12
Interest received on Loan	-	-	-	-
Loans given	-	-	-	-
Loans Recovered	-	-	-	-
Rent paid	0.80	4.05	0.42	0.79
Rent received	-	-	-	-
Rent deposit repaid by directors and relatives	1.95	-	0.35	-
Rent deposit given	-	-	-	-
Interest Received on Subordinated Debt	-	-	-	-
Term Loan Accepted	-	-	-	-
Term Loan Repaid	-	-	-	-
Term Loan Interest Paid	-	-	-	-
Sale of Fixed Asset	-	-	-	-
Dividend paid/ declared	-	1,842.17	-	1,115.81
Dividend Received	-	-	-	-
Commission Received on Money Transfer business	-	-	-	-
Service Charges Collected	-	-	-	-
Investment in Equity shares of Subsidiary companies	-	-	99.48	-
Purchase of Shares of Muthoot Homefin (India) Limited	-	281.60	-	105.60
Sale of Investment	-	-	-	-
Advance for investment in Equity Shares	-	-	-	-
Corporate Guarantee given	-	-	-	-

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Related Party transactions during the year:

Particulars	Entities over which Key Management Personnel and their relatives are able to exercise significant influence		Subsidiaries	
	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of Travel Tickets for Company Executives/Directors/Customers	17.99	4.60	-	-
Travel Arrangements for Company Executives/Customers	8.15	0.29	-	-
Accommodation facilities for Company Executives/Clients/Customers	4.15	0.85	-	-
Brokerage paid for NCD Public Issue	24.02	1.23	-	-
Business Promotion Expenses	10.01	14.77	-	-
CSR Expenses	255.01	190.53	-	-
Repairs & Maintenance	0.22	-	-	-
Service Charges	*	-	-	-
Insurance	0.07	-	-	-
Foreign Currency purchased for travel	0.86	1.42	-	-
Interest paid on Loans/ Subordinated debts	-	-	-	-
Interest paid on NCD	-	-	-	-
Interest paid on NCD - Listed	15.77	33.59	-	-
Directors Remuneration	-	-	-	-
Non-executive Directors Remuneration	-	-	-	-
Salaries and Allowances	-	-	-	-
Loans accepted	-	-	-	-
Loans repaid	-	-	-	-
Subordinated debts repaid	-	-	-	-
Purchase of Listed NCD of the Company	203.09	443.22	-	-
Redemption of Listed NCD of the Company	145.57	455.85	-	-
Interest received on Loan	-	-	259.64	50.96
Loans given	-	-	13,160.00	5,260.00
Loans Recovered	-	-	10,489.67	3,113.67
Rent paid	9.80	4.85	-	-
Rent received	1.84	1.73	3.50	2.42
Rent deposit repaid by directors and relatives	-	-	-	-
Rent deposit given	2.30	-	-	-
Interest Received on Subordinated Debt	-	-	-	1.13
Term Loan Accepted	9.99	2.57	-	-
Term Loan Repaid	1.37	-	-	-
Term Loan Interest Paid	0.57	0.01	-	-
Sale of Fixed Asset	-	-	-	0.86
Dividend paid/ declared	-	-	-	-
Dividend Received	-	-	-	20.10
Commission Received on Money Transfer business	51.77	66.00	-	-
Service Charges Collected	2.34	5.49	-	1.00
Investment in Equity shares of Subsidiary companies	-	-	4,653.51	1,070.00
Purchase of Shares of Muthoot Homefin (India) Limited	-	-	-	-
Sale of Investment	-	-	-	10.21
Advance for investment in Equity Shares	-	-	0.52	-
Corporate Guarantee given	-	-	250.00	-

*Represents amount less than Rs. 10,000

Muthoot Finance Limited
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Related Party transactions during the year:
Balance outstanding as at the year end: Asset/ (Liability)

Particulars	**Key Management Personnel**			**Relatives of Key Management Personnel**		
	As at March 31, 2019	**As at March 31, 2018**	**As at April 01, 2017**	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 01, 2017**
Investments in Equity Shares	-	-	-	-	-	-
Investments in Subsidiary companies - Subordinated debts	-	-	-	-	-	-
Advance for investment in shares	-	-	-	-	-	-
NCD	(5.02)	(5.02)	(0.41)	-	-	(4.63)
NCD - Listed	(1,097.90)	-	(30.00)	(2,009.32)	(146.82)	(231.89)
Security Deposit	-	-	-	-	-	-
Rent Deposit	-	1.77	1.77	-	0.30	0.30
Loans & Subordinated Debts	(2,898.88)	(4,167.00)	(2,707.55)	(2,812.20)	(4,648.10)	(3,276.81)
Directors Remuneration Payable	(293.00)	(196.60)	(160.00)	-	-	-
Non-executive Directors Remuneration Payable	(6.28)	(4.77)	(3.62)	-	-	-
Interest payable on NCD	(4.23)	(3.49)	(0.02)	-	-	(0.06)
Interim Dividend payable	-	-	(1,105.30)	-	-	(661.48)
Trade Payables	-	(0.30)	(0.30)	-	(0.06)	(0.06)
Other financial Liabilities	-	-	-	-	-	-
Term loan outstanding	-	-	-	-	-	-
Trade Receivables	-	-	-	-	-	-
Other non financial assets	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
Amounts payable (net) to related parties	**(4,305.31)**	**(4,375.41)**	**(4,005.43)**	**(4,821.52)**	**(4,794.68)**	**(4,174.63)**

Note
a) Related parties have been identified on the basis of the declaration received by the management and other records available.

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Related Party transactions during the year:
Balance outstanding as at the year end: Asset/ (Liability)

Particulars	**Entities over which Key Management Personnel and their relatives are able to exercise significant influence**			**Subsidiaries**		
	As at March 31, 2019	**As at March 31, 2018**	**As at April 01, 2017**	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 01, 2017**
Investments in Equity Shares	197.17	163.28	133.58	8,182.49	3,429.50	1,972.30
Investments in Subsidiary companies - Subordinated debts	-	-	-	-	-	10.00
Advance for investment in shares	-	-	-	0.52	-	-
NCD	-	-	-	-	-	-
NCD - Listed	(298.77)	(241.26)	(253.89)	-	-	-
Security Deposit	(40.00)	(40.00)	(40.00)	-	-	-
Rent Deposit	3.77	1.47	1.47	-	-	-
Loans & Subordinated Debts	-	-	-	-	-	-
Directors Remuneration Payable	-	-	-	-	-	-
Non-executive Directors Remuneration Payable	-	-	-	-	-	-
Interest payable on NCD	-	-	-	-	-	-
Interim Dividend payable	-	-	-	-	-	-
Trade Payables	(0.97)	(1.68)	(12.51)	-	-	-
Other financial Liabilities	(0.05)	(0.01)	-	-	-	-
Term loan outstanding	(11.19)	(2.57)	-	5,011.47	2,329.50	182.14
Trade Receivables	-	79.43	72.81	-	-	-
Other non financial assets	0.22	-	-	-	-	-
Other financial assets	0.31	0.25	-	0.17	-	-
Amounts payable (net) to related parties	**(149.51)**	**(41.09)**	**(98.54)**	**13,194.65**	**5,759.00**	**2,164.44**

Note
a) Related parties have been identified on the basis of the declaration received by the management and other records available.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	**Year Ended March 31, 2019**	**Year Ended March 31, 2018**
Short–term employee benefits	557.13	433.93
Total	**557.13**	**433.93**

(Rupees in millions, except for share data and unless otherwise stated)

Note 39: Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and requirements of the financial covenants. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory capital	**As at March 31, 2019**	**As at March 31, 2018**
Common Equity Tier1 capital (CET1)	94,071.26	77,973.65
Other Tier 2 capital instruments (CET2)	1,600.66	2,361.17
Total capital	**95,671.92**	**80,334.82**
Risk weighted assets	**367,285.32**	**305,857.54**
CET1 capital ratio	25.61%	25.49%
CET2 capital ratio	0.44%	0.77%
Total capital ratio	**26.05%**	**26.26%**

Regulatory capital consists of CET1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments.

(Rupees in millions, except for share data and unless otherwise stated)

Note 40: Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2019 is as follows:

Particulars	**At Fair Value Through Profit or Loss**			
	Level-1	**Level-2**	**Level-3**	**Total**
Investments	0.04	-	-	0.04

Particulars	**At Fair Value Through Other Comprehensive Income**			
	Level-1	**Level-2**	**Level-3**	**Total**
Investments	-	947.17	-	947.17

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2018 is as follows:

Particulars	**At Fair Value Through Profit or Loss**			
	Level-1	**Level-2**	**Level-3**	**Total**
Investments	300.35	-	-	300.35

Particulars	**At Fair Value Through Other Comprehensive Income**			
	Level-1	**Level-2**	**Level-3**	**Total**
Investments	-	163.29	-	163.29

The carrying amount and fair value measurement hierarchy for assets and liabilities as at April 01, 2017 is as follows:

Particulars	**At Fair Value Through Profit or Loss**			
	Level-1	**Level-2**	**Level-3**	**Total**
Investments	0.07	-	-	0.07
Derivative Financial Instruments (liability)	59.07	-	-	59.07

Particulars	**At Fair Value Through Other Comprehensive Income**			
	Level-1	**Level-2**	**Level-3**	**Total**
Investments	-	133.57	-	133.57

(Rupees in millions, except for share data and unless otherwise stated)

Fair value technique

Investments at fair value through profit or loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets at the measurement date. The equity instruments which are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1. Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions are generally Level 1.

Derivative Financial Instruments (liability) at fair value through profit or loss

The financial liability on derivative contracts has been valued at fair value through profit or loss using closing rate and is classified as Level 1

Investments at fair value through other comprehensive income

Equity instruments in non-listed entities are initially recognised at transaction price and re-measured as per fair valuation report on a case-by-case and classified as Level 2 .

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are initially measured at fair value and subsequently carried at amortised cost in the financial statements. This table does not include the fair values of investments in subsidiaries measured at cost.

Particulars	Level	Carrying Value			Fair Value		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Financial assets							
Cash and cash equivalents	1	17,134.85	4,551.91	12,895.49	17,134.85	4,551.91	12,895.49
Bank Balance other than above	1	220.23	317.94	2,447.05	220.23	317.94	2,447.05
Trade receivables	3	160.59	230.01	137.07	160.59	230.01	137.07
Loans	3	349,329.32	295,068.03	279,634.48	349,329.32	295,068.03	279,634.48
Investments - at amortised cost	3	695.86	61.13	71.16	695.86	61.13	71.16
Other Financial assets	3	1,079.02	1,170.94	1,291.65	1,079.02	1,170.94	1,291.65
Financial assets		**368,619.87**	**301,399.96**	**296,476.90**	**368,619.87**	**301,399.96**	**296,476.90**
Financial Liabilities							
Trade Payable	3	1,633.97	1,238.87	1,103.55	1,633.97	1,238.87	1,103.55
Debt securities	2	79,869.53	51,987.94	61,372.95	79,869.53	51,987.94	61,372.95
Borrowings (other than debt securities)	2	184,174.79	148,822.73	129,537.30	184,174.79	148,822.73	129,537.30
Subordinated liabilities	2	4,287.20	10,859.70	18,710.90	4,287.20	10,859.70	18,710.90
Other financial liabilities	3	9,763.86	13,338.97	23,946.46	9,763.86	13,338.97	23,946.46
Financial Liabilities		**279,729.35**	**226,248.21**	**234,671.16**	**279,729.35**	**226,248.21**	**234,671.16**

Valuation techniques

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, trade receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2/Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers
The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.

Fair values of portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics i.e., type of loan. The Company then calculates and extrapolates the fair value to the entire portfolio using Effective interest rate model that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Financial liability at amortised cost
The fair values of financial liability held-to-maturity are estimated using effective interest rate model based on contractual cash flows using actual yields.

Note 41: Risk Management

The Company’s principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company’s operations. The Company’s principal financial assets include loans, investments, cash and cash equivalents and other receivables that are derived directly from its operations. As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of directors constituted in accordance with the Reserve Bank of India regulations has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets at least twice in a year to review the Risk Management practices. Risk Management department periodically places its report to the committee for review. The committee’s suggestions for improving the Risk Management Practices are implemented by the Risk Management department.

Risk Management department shall be responsible for the following:
a) Identifying the various risks associated with the activities of the Company and assessing their impact on the business.
b) Measuring the risks and suggesting measures to effectively mitigate the risks.
However, the primary responsibility for managing the various risks on a day to day basis will be with the heads of the respective business units of the Company.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I) Credit Risk
Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to loan losses.
The Company addresses credit risk through following processes:

a) Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and there is only a distant possibility of losses due to adequate margin of 25% or more retained while disbursing the loan. Credit risk is further reduced through a quick but careful collateral appraisal and loan approval process. Hence overall, the Credit risk is normally low.

b) Sanctioning powers for Gold Loans is delegated to various authorities at branches/controlling offices. Sanctioning powers is used only for granting loans for legally permitted purposes. The maximum Loan to Value stipulated by the Reserve Bank of India does not exceed under any circumstances.

c) Gold ornaments brought for pledge is the primary responsibility of Branch Manager. Extra care is taken if the gold jewellery brought for pledge by any customer at any one time or cumulatively is more than 20 gm. Branch Manager records the questions asked to the customer for ascertaining the ownership of the gold jewellery and also the responses given by the customer in a register for future reference.

d) Auctions are conducted as per the Auction Policy of the Company and the guidelines issued by Reserve Bank of India. Auction is generally conducted before loan amount plus interest exceeds realizable value of gold. After reasonable time is given to the customers for release after loan becomes overdue and exhausting all efforts for persuasive recovery, auction is resorted to as the last measure in unavoidable cases. Loss on account of auctions are recovered from the customer. Any excess received on auctions are refunded to the customer.

Impairment Assessment
The Company is mainly engaged in the business of providing gold loans. The tenure of the loans generally is for 12 months.
The Company also provides unsecured personal loans to salaried individuals and unsecured loans to traders and self employed. The tenure of the loans ranges from 12 months to 36 months.
The Company’s impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

(Rupees in millions, except for share data and unless otherwise stated)

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2, as appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	Stage 1
Standard grade	1-30 DPD	Stage 1
Sub-standard grade	31-60 DPD	Stage 2
Past due but not impaired	61- 90 DPD	Stage 2
Individually impaired	91 DPD or More	Stage 3

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD. PD is calculated using Incremental 91 DPD approach considering fresh slippage using historical information.

Portfolio	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Stage 1 & 2	Stage 3	Stage 1 & 2	Stage 3	Stage 1 & 2	Stage 3
Gold loan	10.96%	100%	10.96%	100%	10.96%	100%
Personal Loan	10.96%	100%	10.96%	100%	10.96%	100%
Corporate Loan	10.96%	100%	n.a	n.a	n.a	n.a
Business Loan	10.96%	100%	10.96%	100%	n.a	n.a
Staff loan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loan to Subsidiaries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Loans	10.96%	100%	10.96%	100%	10.96%	100%

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at March 31, 2019 and March 31, 2018.

Loss Given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults.The Company determines its recovery (net present value) by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset.

Portfolio	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Stage 1 & 2	Stage 3	Stage 1 & 2	Stage 3	Stage 1 & 2	Stage 3
Gold loan	13.29%	13.29%	13.29%	13.29%	13.29%	13.29%
Personal Loan	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Corporate Loan	65.00%	65.00%	n.a	n.a	n.a	n.a
Business Loan	65.00%	65.00%	65.00%	65.00%	n.a	n.a
Staff loan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loan to Subsidiaries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Loans	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

LGD Rates have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Company has adopted 65% as the LGD which is the rate drawn reference from Internal Rating Based (IRB) approach guidelines issued by Reserve Bank of India for Banks to calculate LGD where sufficient past information is not available.

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Credit risk exposure analysis

As at March 31, 2019	Stage 1 Collective	Stage 2 Collective	Stage3	Total
Per region				
North	76,551.78	1,907.64	1,483.18	79,942.61
South	166,496.97	4,699.65	6,078.75	177,275.37
East	28,491.25	657.44	488.85	29,637.54
West	66,079.09	1,650.78	1,275.23	69,005.10
EIR impact on service charges received				(172.21)
Gross amount net of EIR impact of service charge received				**355,688.41**

As at March 31, 2018	Stage 1 Collective	Stage 2 Collective	Stage3	Total
Per region				
North	61,091.61	2,786.02	3,357.80	67,235.43
South	145,087.32	1,720.74	5,658.62	152,466.68
East	21,923.11	929.60	1,144.05	23,996.76
West	52,632.95	2,273.66	2,711.12	57,617.73
EIR impact on service charges received				(157.29)
Gross amount net of EIR impact of service charge received				**301,159.32**

As at April 01, 2017	Stage 1 Collective	Stage 2 Collective	Stage3	Total
Per region				
North	60,997.37	1,991.79	1,749.40	64,738.56
South	137,965.18	4,424.43	4,427.83	146,817.44
East	20,209.79	527.46	408.58	21,145.83
West	49,847.02	1,438.76	1,026.42	52,312.20
EIR impact on service charges received				(100.75)
Gross amount net of EIR impact of service charge received				**284,913.28**

(Rupees in millions, except for share data and unless otherwise stated)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

The main type of collateral are as follows: -

Management provide gold loans against the security of the gold. The gold is pledged with the company and based on the company policy of loan to value ratio, the loan is provided.

		Fair value of collateral and credit enhancements held								
As at March 31, 2019	**Maximum exposure to credit risk**	**Cash**	**Securities**	**Bank and government guarantees**	**Household used Gold Ornaments**	**Book debts, Inventory and other working capital items**	**Surplus collateral**	**Total collateral**	**Net exposure**	**Associated ECLs**
Financial assets										
Cash and cash equivalents	17,134.85	17,134.85	-	-	-	-	-	17,134.85	-	-
Bank Balance other than Cash and cash equivalents	220.23	220.23	-	-	-	-	-	220.23	-	-
Loans (Gross):										
i) Gold Loan	349,086.79	-	-	-	349,086.79	-	144,053.32	493,140.11	-	6,244.25
ii) Personal Loan	1,230.90	-	-	-	-	-	-	-	**1,230.90**	91.11
iii) Corporate Loan	99.52	-	-	-	-	99.52	10.48	110.00	-	7.12
iv) Business Loan	55.60	-	-	-	-	-	-	-	**55.60**	4.21
v) Staff Loan	30.70	-	-	-	-	-	-	-	**30.70**	-
vi) Loans to subsidiaries	5,011.47	-	-	-	-	-	-	-	**5,011.47**	-
vii) Other Loans	173.43	-	2.08	-	-	-	0.78	2.86	**170.57**	12.40
Government securities at amortised cost	50.94	-	-	-	-	-	-	-	**50.94**	-
Debt securities at amortised cost	644.92	-	-	-	-	644.92	-	644.92	-	-
Trade receivables	160.59	-	-	-	-	-	-	-	**160.59**	-
Other financial assets	1,079.02	-	-	-	-	-	-	-	**1,079.02**	-
Total financial assets at amortised cost	**374,978.96**	**17,355.08**	**2.08**	-	**349,086.79**	**744.44**	**144,064.58**	**511,252.97**	**7,789.79**	**6,359.09**
Financial assets at FVTPL[1]	0.04	-	-	-	-	-	-	-	**0.04**	-
Total financial instruments at fair value through profit or loss[1]	**0.04**	-	-	-	-	-	-	-	**0.04**	-
Equity instrument at fair value through OCI	947.17	-	-	-	-	-	-	-	**947.17**	-
Total equity instrument at fair value through OCI	**947.17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**947.17**	**-**
	375,926.17	**17,355.08**	**2.08**	**-**	**349,086.79**	**744.44**	**144,064.58**	**511,252.97**	**8,737.00**	**6,359.09**
Other commitments	191.96	-	-	-	191.96	-	271.50	463.46	-	-
	376,118.13	**17,355.08**	**2.08**	**-**	**349,278.75**	**744.44**	**144,336.08**	**511,716.43**	**8,737.00**	**6,359.09**

[1] Including equity instruments

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Notes to financial statements for the year ended March 31, 2019

(Rupees in millions, except for share data and unless otherwise stated)

		Fair value of collateral and credit enhancements held								
As at March 31, 2018	**Maximum exposure to credit risk**	**Cash**	**Securities**	**Bank and government guarantees**	**Household used Gold Ornaments**	**Book debts, Inventory and other working capital items**	**Surplus collateral**	**Total collateral**	**Net exposure**	**Associated ECLs**
Financial assets										
Cash and cash equivalents	4,551.91	4,551.91	-	-	-	-	-	4,551.91	-	-
Bank Balance other than Cash and cash equivalents	317.94	317.94	-	-	-	-	-	317.94	-	-
Loans (Gross):										
i) Gold Loan	298,227.73	-	-	-	298,227.68	-	140,582.07	438,809.75	-	5,921.57
ii) Personal Loan	241.37	-	-	-	-	-	-	-	**241.37**	18.32
iii) Corporate Loan	-	-	-	-	-	-	-	-	-	-
iv) Business Loan	5.23	-	-	-	-	-	-	-	**5.23**	0.37
v) Staff Loan	36.06	-	-	-	-	-	-	-	**36.06**	-
vi) Loans to subsidiaries	2,329.50	-	-	-	-	-	-	-	**2,329.50**	-
vii) Other Loans	319.43	-	17.04	-	-	-	2.46	19.50	**299.93**	151.40
Government securities at amortised cost	61.13	-	-	-	-	-	-	-	**61.13**	-
Trade receivables	230.01	-	-	-	-	-	-	-	**230.01**	-
Other financial assets	1,170.94	-	-	-	-	-	-	-	**1,170.94**	-
Total financial assets at amortised cost	**307,491.25**	**4,869.85**	**17.04**	-	**298,227.68**	-	**140,584.53**	**443,699.10**	**4,374.17**	**6,091.66**
Financial assets at FVTPL[1]	300.35	-	-	-	-	-	-	-	**300.35**	-
Total financial instruments at fair value through profit or loss[1]	**300.35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300.35**	**-**
Equity instrument at fair value through OCI	163.28	-	-	-	-	-	-	-	**163.28**	-
Total equity instrument at fair value through OCI	**163.28**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**163.28**	**-**
	307,954.88	**4,869.85**	**17.04**	**-**	**298,227.68**	**-**	**140,584.53**	**443,699.10**	**4,837.80**	**6,091.66**
Other commitments	-	-	-	-	-	-	-	-	-	-
	307,954.88	**4,869.85**	**17.04**	**-**	**298,227.68**	**-**	**140,584.53**	**443,699.10**	**4,837.80**	**6,091.66**

[1] Including equity instruments

(Rupees in millions, except for share data and unless otherwise stated)

As at April 01, 2017	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held: Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Surplus collateral	Total collateral	Net exposure	Associated ECLs
Financial assets										
Cash and cash equivalents	12,895.49	12,895.49	-	-	-	-	-	**12,895.49**	-	-
Bank Balance other than Cash and cash equivalents	2,447.05	2,447.05	-	-	-	-	-	**2,447.05**	-	-
Loans (Gross):										
i) Gold Loan	284,288.33	-	-	-	284,288.33	-	121,216.59	**405,504.92**	-	5,080.75
ii) Personal Loan	49.96	-	-	-	-	-	-	-	**49.96**	3.67
iii) Corporate Loan	-	-	-	-	-	-	-	-	-	-
iv) Business Loan	-	-	-	-	-	-	-	-	-	-
v) Staff Loan	42.00	-	-	-	-	-	-	-	**42.00**	-
vi) Loans to subsidiaries	182.14	-	-	-	-	-	-	-	**182.14**	-
vii) Other Loans	350.85	-	38.37	-	-	-	19.07	**57.44**	**293.41**	194.37
Government securities at amortised cost	61.18	-	-	-	-	-	-	-	**61.18**	-
Debt securities at amortised cost	10.00	-	-	-	-	10.00	-	**10.00**	-	-
Trade receivables	137.07	-	-	-	-	-	-	-	137.07	-
Other financial assets	1,291.65	-	-	-	-	-	-	-	**1,291.65**	
Total financial assets at amortised cost	**301,755.72**	**15,342.54**	**38.37**	-	**284,288.33**	**10.00**	**121,235.66**	**420,914.90**	**2,057.41**	**5,278.79**
Financial assets at FVTPL[1]	0.07	-	-	-	-	-	-	-	**0.07**	-
Total financial instruments at fair value through profit or loss[1]	**0.07**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.07**	**-**
Equity instrument at fair value through OCI	133.58	-	-	-	-	-	-	-	**133.58**	-
Total equity instrument at fair value through OCI	**133.58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**133.58**	**-**
	301,889.37	**15,342.54**	**38.37**	**-**	**284,288.33**	**10.00**	**121,235.66**	**420,914.90**	**2,191.06**	**5,278.79**
Other commitments	-	-	-	-	-	-	-	-	-	-
	301,889.37	**15,342.54**	**38.37**	**-**	**284,288.33**	**10.00**	**121,235.66**	**420,914.90**	**2,191.06**	**5,278.79**

[1] Including equity instruments

II) Liquidity risk

Liquity risk is the risk of being unable to raise necessary funds from the market at optimal cost to meet operational and debt servicing requirements. The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalise on opportunities for business expansion. Board of Directors will have overall responsibility of monitoring, supervision and control of the ALM mechanism. Board will have a sub-committee of Directors (ALM Commitee) to review the ALM position of the company on atleast half yearly intervals. An Asset Liability Committee (ALCO) consisting of senior executive of the company including the Managing Director shall be responsible for the day to day as well as periodic monitoring and control of Asset Liability management.

Asset Liability Management (ALM)

The table below shows the maturity pattern of the assets and liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Muthoot Finance Limited
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Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM *	Total
Financial assets										
Cash and cash equivalents	16,555.16	579.69	-	-	-	-	-	-	-	**17,134.85**
Bank Balance other than Cash and cash equivalents	66.44	-	-	5.80	145.94	2.05	-	-	-	**220.23**
Trade Receivables	136.36	-	-	24.23	-	-	-	-	-	**160.59**
Loans	71,146.14	55,282.43	44,987.00	86,409.44	84,142.84	13,669.64	218.31	4.82	(6531.30)	**349,329.32**
Investments	-	-	-	-	-	20.34	30.60	9,774.62	-	**9,825.56**
Other Financial assets	148.81	8.58	-	22.51	4.51	894.61	-	-	-	**1,079.02**
Total	**88,052.91**	**55,870.70**	**44,987.00**	**86,461.98**	**84,293.29**	**14,586.64**	**248.91**	**9,779.44**	**(6531.30)**	**377,749.57**
Financial Liabilities										
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Payables	1,325.37	-	-	4.62	303.98	-	-	-	-	**1,633.97**
Debt Securities	2,027.81	3,894.32	386.17	800.30	10,347.81	44,960.13	17,968.05	-	(515.06)	**79,869.53**
Borrowings (other than Debt Securities)	8,815.62	13,821.61	23,448.99	583.93	128,983.24	8,621.65	3.78	-	(104.03)	**184,174.79**
Subordinated Liabilities	239.50	26.50	34.50	331.74	685.45	1,559.00	925.86	504.93	(20.28)	**4,287.20**
Other Financial liabilities	2,363.09	660.25	3,183.20	539.85	1,065.92	1,364.52	486.83	100.20	-	**9,763.86**
Total	**14,771.39**	**18,402.68**	**27,052.86**	**2,260.44**	**141,386.40**	**56,505.30**	**19,384.52**	**605.13**	**(639.37)**	**279,729.35**

*represents adjustments on account of EIR/ECL

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM *	Total
Financial assets										
Cash and cash equivalents	4,548.47	2.44	1.00	-	-	-	-	-	-	**4,551.91**
Bank Balance other than Cash and cash equivalents	23.61	-	-	6.09	286.32	1.73	0.19	-	-	**317.94**
Trade Receivables	210.74	-	-	19.27	-	-	-	-	-	**230.01**
Loans	56,806.66	43,677.16	36,201.68	73,458.69	81,257.70	9,894.98	19.59	0.14	(6248.57)	**295,068.03**
Investments	-	-	-	10.21	-	300.31	30.58	3,613.17	-	**3,954.27**
Other Financial assets	0.04	0.11	112.22	185.19	10.34	863.03	0.01	-	-	**1,170.94**
Total	**61,589.52**	**43,679.71**	**36,314.90**	**73,679.45**	**81,554.36**	**11,060.05**	**50.37**	**3,613.31**	**(6248.57)**	**305,293.10**
Financial Liabilities										
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Payables	803.97	-	-	60.22	374.68	-	-	-	-	**1,238.87**
Debt Securities	2,353.30	1,812.59	527.89	893.74	10,826.48	32,323.03	3,518.99	14.68	(282.76)	**51,987.94**
Borrowings (other than Debt Securities)	0.21	14,714.64	13,503.60	2,000.65	113,660.66	1.79	4,950.00	-	(8.82)	**148,822.73**
Subordinated Liabilities	435.10	669.94	553.82	2,735.22	2,185.39	2,201.00	1,135.16	971.32	(27.25)	**10,859.70**
Other Financial liabilities	3,724.26	852.45	639.27	2,574.97	2,757.61	2,271.66	369.69	149.06	-	**13,338.97**
Total	**7,316.84**	**18,049.62**	**15,224.58**	**8,264.80**	**129,804.82**	**36,797.48**	**9,973.84**	**1,135.06**	**(318.83)**	**226,248.21**

*represents adjustments on account of EIR/ECL

Muthoot Finance Limited
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Maturity pattern of assets and liabilities as on April 01, 2017:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM *	Total
Financial assets										
Cash and cash equivalents	12,892.02	3.47	-	-	-	-	-	-	-	**12,895.49**
Bank Balance other than Cash and cash equivalents	2,431.85	-	-	6.87	6.25	1.84	0.24	-	-	**2,447.05**
Trade Receivables	117.12	-	-	19.95	-	-	-	-	-	**137.07**
Loans	54,085.51	37,039.00	31,338.44	74,072.61	79,815.52	8,662.95	-	-	(5379.55)	**279,634.48**
Investments	-	-	-	-	-	10.22	30.35	2,136.55	(0.02)	**2,177.10**
Other Financial assets	0.25	0.24	111.98	0.13	289.45	889.58	0.02	-	-	**1,291.65**
Total	**69,526.75**	**37,042.71**	**31,450.42**	**74,099.56**	**80,111.22**	**9,564.59**	**30.61**	**2,136.55**	**(5379.57)**	**298,582.84**
Financial Liabilities										
Derivative financial instruments	59.07	-	-	-	-	-	-	-	-	**59.07**
Payables	508.39	-	-	181.76	413.40	-	-	-	-	**1,103.55**
Debt Securities	3,078.51	2,042.15	1,981.55	11,140.72	13,709.31	28,499.35	1,103.62	8.01	(190.27)	**61,372.95**
Borrowings (other than Debt Securities)	1,491.40	17,823.64	13,233.90	0.42	95,001.52	2,001.15	-	-	(14.73)	**129,537.30**
Subordinated Liabilities	409.81	948.62	629.13	2,354.22	3,697.88	7,897.16	1,559.00	1,243.62	(28.54)	**18,710.90**
Other Financial liabilities	5,580.42	1,214.42	946.09	3,960.33	5,525.51	6,119.19	490.72	109.78	-	**23,946.46**
Total	**11,127.60**	**22,028.83**	**16,790.67**	**17,637.45**	**118,347.62**	**44,516.85**	**3,153.34**	**1,361.41**	**(233.54)**	**234,730.23**

*represents adjustments on account of EIR/ECL

Muthoot Finance Limited
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The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the timeband containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Particulars	**On Demand**	**Upto 3 months**	**Over 3months & upto 6 months**	**Over 6months & upto 1 year**	**Over 1 year & upto 3 years**	**Over 3 year & upto 5 years**	**Over 5 years**	**Total**
As at March 31, 2019								
Income tax demands	-	-	-	-	2,044.49	-	-	2,044.49
Service Tax Demands	-	-	-	-	5,128.11	-	-	5,128.11
Others Claims	-	-	-	-	426.97	-	-	426.97
Guarantees and counter guarantees	316.49	-	-	-	-	-	-	316.49
Disputed claims against the company under litigation not acknowledged as debts	-	-	-	-	61.45	-	-	61.45
Commitments related to loans sanctioned but undrawn	191.96	-	-	-	-	-	-	191.96
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	30.00	47.50	50.00	126.70	-	-	254.20
As at March 31, 2018	-	-	-	-	-	-	-	-
Income tax demands	-	-	-	-	67.74	-	-	67.74
Service Tax Demands	-	-	-	-	5,028.95	-	-	5,028.95
Others Claims	-	-	-	-	426.97	-	-	426.97
Guarantees and counter guarantees	222.21	-	-	-	-	-	-	222.21
Disputed claims against the company under litigation not acknowledged as debts	-	-	-	-	44.73	-	-	44.73
Commitments related to loans sanctioned but undrawn	-	-	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	35.00	45.00	55.00	239.70	-	-	374.70
As at April 01, 2017	-	-	-	-	-	-	-	-
Income tax demands	-	-	-	-	41.68	-	-	41.68
Service Tax Demands	-	-	-	-	5,016.53	-	-	5,016.53
Others Claims	-	-	-	-	26.97	-	-	26.97
Guarantees and counter guarantees	228.69	-	-	-	-	-	-	228.69
Disputed claims against the company under litigation not acknowledged as debts	-	-	-	-	88.80	-	-	88.80
Commitments related to loans sanctioned but undrawn	-	-	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	25.00	30.00	45.00	231.70	-	-	331.70

(Rupees in millions, except for share data and unless otherwise stated)

III) Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. The Company is exposed to two types of market risk as follows:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources. Majority of our borrowings are at fixed rates . However , borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings are as follows:

Impact on Profit before taxes	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 01, 2017**
On Floating Rate Borrowings			
1% increase in interest rates	1,200.28	1,072.50	894.52
1% decrease in interest rates	(1,200.28)	(1,072.50)	(894.52)

Price risk

Sudden fall in the gold price and fall in the value of the pledged gold ornaments can result in some of the customers to default if the loan amount and interest exceeds the market value of gold. This risk is in part mitigated by a minimum 25% margin retained on the value of gold jewellery for the purpose of calculation of the loan amount. Further, we appraise the gold jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of gold ornaments falls below the value of the repayment amount. An occasional decrease in gold prices will not increase price risk significantly on account of our adequate collateral security margins. However, a sustained decrease in the market price of gold can additionally cause a decrease in the size of our loan portfolio and our interest income.

"Equity price risk is the risk that the fair value of equities decreases as the result of changes in level of equity indices and individual stocks. The trading equity price risk exposure arises from equity securities classified at FVTPL and the non-trading equity price risk exposure arises from equity securities classified at FVOCI".

A 10% increase/(decrease) in the equity price (traded and non-traded) would have the impact as follows:

Particulars	**Increase/(Decrease) in percentage**	**Sensitivity of profit or loss**	**Sensitivity of Other Comprehensive Income**
As at March 31, 2019	10/(10)	0.00/(0.00)	19.72/(19.72)
As at March 31, 2018	10/(10)	30.04/(30.04)	16.33/(16.33)

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like ours when interest rates fall.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company has a foreign subsidiary in Srilanka. Hence, the company is exposed to the risk of fluctuations on change in exchange rates.

(Rupees in millions, except for share data and unless otherwise stated)

Note 42: Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2019 together with interest paid /payable are required to be furnished.

Note 43: Dividend remitted in foreign currency

Particulars	As at March 31, 2019	As at March 31, 2018
Dividend remitted in foreign currency (Rs.)	-	17.23
No. of non-resident shareholders to which this relates	-	1
No. of equity shares of face value of Rs. 10/- held by them	-	2,871,514
Financial year to which dividend relates	-	FY 2016-2017

Note 44: Segment reporting

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Further other business segments do not exceed the quantitative thresholds as defined by the Ind AS 108 on "Operating Segment". Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

Note 45: First-time Adoption of Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by RBI (Indian GAAP or previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2017, the Company's date of transition to Ind AS. These financial results may require further adjustments, if any, necessitated by the guidelines / clarifications / directions issued in the future by RBI, Ministry of Corporate Affairs, or other regulators, which will be implemented as and when the same are issued and made applicable. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied:
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable IND AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to IND AS.

> Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Deemed Cost
IND AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40. Accordingly, the Company has elected to measure all its property, plant and equipment, intangible assets and investment property at their Indian GAAP carrying value.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to IND AS. The Company has elected to designate investment in equity instruments at FVOCI.

Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Para B8-B8C Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract. The Company has applied this exemption and opted to classify all financial assets and liabilities based on facts and circumstances existing on the transition date.

As per para 8D - 8G of Ind AS 101, an entity shall apply the exception to the retrospective application of "Impairment of financial asset" which is as per section 5.5 of Ind AS 109.

Mandatory exceptions

Estimates:

The estimates at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
> Impairment of financial assets based on expected credit loss model
> Fair valuation of financials instruments carried at FVTPL
> Determination of discounted value for financial instruments carried at amortized cost
> Investment in equity instruments carried at FVOCI and FVTPL

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2017, the date of transition to Ind AS and as of March 31, 2018.

Classification and Measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019

(Rupees in millions, except for share data and unless otherwise stated)

Equity reconciliation for April 01, 2017

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		12,895.49	-	12,895.49
Bank Balance other than above		2,447.05	-	2,447.05
Trade receivables		137.07	-	137.07
Loans (net of provision)	a, e	280,117.53	(483.05)	279,634.48
Investments	c & d	2,091.15	85.95	2,177.10
Other financial assets		1,291.65	-	1,291.65
Total (A)		**298,979.94**	**(397.10)**	**298,582.84**
Non-financial assets				
Deferred tax assets (net)	h	560.24	59.80	620.04
Property, plant and equipment		2,021.79	-	2,021.79
Capital work-in-progress		99.75	-	99.75
Other Intangible assets		60.52	-	60.52
Other non-financial assets		143.56	-	143.56
Total (B)		**2,885.86**	**59.80**	**2,945.66**
Total Assets (A+B)		**301,865.81**	**(337.30)**	**301,528.50**

Muthoot Finance Limited
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(Rupees in millions, except for share data and unless otherwise stated)

Equity reconciliation for April 01, 2017

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
Liabilities and equity				
Liabilities				
Financial liabilities				
Derivative financial instruments	f	-	59.07	59.07
Payables		1,103.55	-	1,103.55
Debt securities	b	61,563.21	(190.26)	61,372.95
Borrowings (other than debt securities)	b	129,552.02	(14.72)	129,537.30
Subordinated Liabilities	b	18,739.45	(28.55)	18,710.90
Other financial liabilities		23,946.46	-	23,946.46
Total (C)		**234,904.69**	**(174.46)**	**234,730.23**
Non-financial liabilities				
Current tax liabilities (net)		471.13	-	471.13
Provisions	e	764.36	-	764.36
Other non-financial liabilities		561.20	-	561.20
Total (D)		**1,796.69**	**-**	**1,796.69**
Total Liabilities (C+D)		**236,701.38**	**(174.46)**	**236,526.92**
Equity Share Capital		3,994.76	-	3,994.76
Other Equity		61,169.66	(162.84)	61,006.82
Total equity		**65,164.42**	**(162.84)**	**65,001.58**
Total liabilities and equity		**301,865.80**	**(337.30)**	**301,528.50**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

(Rupees in millions, except for share data and unless otherwise stated)

Equity reconciliation for March 31, 2018

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		4,551.91	-	4,551.91
Bank Balance other than above		317.94	-	317.94
Trade receivables		230.01	-	230.01
Loans (net of provision)	a, e	294,709.78	358.25	295,068.03
Investments	c & d	3,838.36	115.91	3,954.27
Other financial asset	a	1,172.08	(1.14)	1,170.94
Total (A)		**304,820.08**	**473.02**	**305,293.10**
Non-financial assets				
Deferred tax assets (net)	h	339.96	(275.72)	64.24
Property, plant and equipment		1,922.35	-	1,922.35
Capital work-in-progress		57.37	-	57.37
Other Intangible assets		82.32	-	82.32
Other non-financial assets		503.17	-	503.17
Total (B)		**2,905.17**	**(275.72)**	**2,629.45**
Total Assets (A+B)		**307,725.25**	**197.30**	**307,922.55**

Muthoot Finance Limited
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Equity reconciliation for March 31, 2018

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables		1,238.87	-	1,238.87
Debt securities	b	52,270.71	(282.77)	51,987.94
Borrowings (other than debt securities)	b	148,831.55	(8.82)	148,822.73
Subordinated liabilities	b	10,886.95	(27.25)	10,859.70
Other financial liabilities		13,338.97	-	13,338.97
Total (C)		**226,567.05**	**(318.84)**	**226,248.21**
Non-financial liabilities				
Current tax liabilities (net)		800.50	-	800.50
Provisions	e	2,239.11	0.03	2,239.14
Other non-financial liabilities		514.49	-	514.49
Total (D)		**3,554.10**	**0.03**	**3,554.13**
Total Liabilities (C+D)		**230,121.15**	**(318.81)**	**229,802.34**
Equity Share Capital		4,000.41	-	4,000.41
Other Equity		73,603.69	516.11	74,119.80
Total equity		**77,604.10**	**516.11**	**78,120.21**
Total liabilities and equity		**307,725.25**	**197.30**	**307,922.55**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Muthoot Finance Limited
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(Rupees in millions, except for share data and unless otherwise stated)

Profit reconciliation for the year ended March 31, 2018

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	a, e	60,531.52	1,489.78	62,021.30
Dividend income		20.10	-	20.10
Net gain on fair value changes	c	41.60	59.35	100.95
Sale of services		227.46	-	227.46
Service charges	a	944.99	(649.65)	295.34
I. Total revenue from operations		**61,765.67**	**899.48**	**62,665.15**
II. Other Income		**666.37**	**-**	**666.37**
III. Total Income (I+II)		**62,432.04**	**899.48**	**63,331.52**
Expenses				
Finance costs	b	19,399.32	(85.29)	19,314.03
Impairment on financial instruments		2,396.51	-	2,396.51
Employee benefits expenses	g	7,715.23	108.61	7,823.84
Depreciation, amortisation and impairment		438.51	-	438.51
Other expenses		4,911.77	-	4,911.77
IV. Total expenses		**34,861.34**	**23.32**	**34,884.66**
Profit /(loss) before exceptional items and tax (III-IV)		27,570.70	876.16	28,446.86
Exceptional items		-	-	-
V. Profit/(loss) before tax		**27,570.70**	**876.16**	**28,446.86**
VI. Tax Expense:				
(1) Current tax		10,046.36	-	10,046.36
(2) Deferred tax (credit)	h	220.28	303.22	523.50
(3) Earlier years adjustments		101.40	-	101.40
VII. Profit/(loss) for the period (V-VI)		**17,202.66**	**572.94**	**17,775.60**

Muthoot Finance Limited
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Profit reconciliation for the year ended March 31, 2018

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
VIII. Other Comprehensive Income	i			
(i) Items that will not be classified to profit or loss				
Remeasurement gain / (loss) on defined benefit plan	g	-	63.62	63.62
Fair value on investment in unquoted equity shares	d		29.70	29.70
(ii) Income tax relating to items that will not be reclassified to profit or loss	h	-	(32.30)	(32.30)
Subtotal (A)		**-**	**61.02**	**61.02**
(i) Items that will be classified to profit or loss		-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
Subtotal (B)		-	-	-
Other Comprehensive Income (A)+(B)		**-**	**61.02**	**61.02**
Total comprehensive income (VII+VIII)		**17,202.66**	**633.96**	**17,836.62**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Footnotes to the reconciliation of equity as at April 01, 2017 and March 31, 2018 and profit or loss for the year ended March 31, 2018

Effective interest rate impact

a. Under Indian GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in/ reduced from the initial recognition amount of loans given to customer and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, loan to customers on transition date have decreased by Rs.483.05 millions and impact of the same has been taken to retained earnings. Further, the loans has increased by Rs.358.25 millions for the year ended March 31, 2018 and impact of the same has been taken to statement of profit and loss of Rs.840.13 millions in the respective year.

b. Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowings. Consequently, borrowings on transition date have decreased by Rs.233.53 millions and impact of the same has a positive impact on retained earnings. Further, impact for the year ended March 31, 2018 amounting to Rs.318.84 millions has been decreased in Borrowings and Rs.85.29 million has decreased the expense to Profit and loss for the year in respect of the same.

Investments

c. Under the Indian GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value through profit or loss. The resulting fair value changes of these investments has to be recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2018. Accordingly there is increase of Rs.0.28 millions in net fair value changes for the year ended March 31, 2018. Rs. 59.07 millions increase net fair value changes for the year ended March 31, 2018 which includes derivative instrument settlement income.

d. Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated the investments in unquoted equity shares as FVOCI investments. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes. Accordingly there is increase of Rs. 85.95 millions in the investments at the transition date and Rs. 115.91 million for the year ended March 31, 2018.

Loan to Customers

e. Under Indian GAAP, Non Performing Assets and provisioning were computed based on the RBI guidelines. Under Ind AS, loan assets are classified based on staging criteria prescribed under IND AS 109 - Financial instruments and impairment is computed based on Expected Credit Loss model. Under Indian GAAP provision for Non Performing Asset and standard asset were presented under provisions. However, under Ind AS, financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPAs amounting to Rs.5,278.80 millions and Rs.6091.30 millions as on April 01, 2017 and March 31, 2018 respectively to impairment allowance as ECL and provision in excess of the expected credit loss is retained under "Provisions" in Note 18.

Derivative adjustment

f. Under Indian GAAP, the Company had a derivative contract as on April 01, 2017 which was fair valued as on transition date for which derivative liablity was created of Rs.59.07 millions and decrease in the retained earnings as on transition date by Rs. 59.07 millions.

Employee benefits expense

g. Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Thus the employee benefit cost is increased by Rs 63.62 millions and Remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

Under Indian GAAP, ESOP was recorded using the Intrinsic Value method. However, under Ind AS, ESOP is recorded using Fair value method. As a result of this there was an deccrease in the valuation of ESOP as on the transition date by Rs.49.86 millions which has lead to increase in the retained earnings. The impact for the year ended March 31, 2018 is Rs. 44.99 millions which has been taken to the profit and loss.

Deferred Tax

h. Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period.
Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.
As a result of Ind AS adjustments, the deferred tax as on April 01, 2017 has increased by Rs.59.80 millions leading to an increase in retained earnings. The impact for the year ended March 31, 2018 is Rs. 303.22 millions which have been taken to the Profit and loss.

Other comprehensive income

i. Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Statement of cash flows

j. The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

(Rupees in millions, except for share data and unless otherwise stated)

Note 46: Share based payments

Pursuant to approval by the shareholders at their meeting held on September 27, 2013, the company has established "Muthoot ESOP 2013" scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on March 31, 2019. The fair value of the share options is estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

I The Company has formulated various share-based payment schemes for its employees. Details of all grants in operation during the year ended March 31, 2019 are as given below:

Particulars	**Tranche 1**		
Scheme Name	**Grant A**	**Grant B**	**Loyalty**
Date of grant	November 09, 2013	November 09, 2013	November 09, 2013
Date of Board approval	November 09, 2013	November 09, 2013	November 09, 2013
Method of settlement	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share
No. of options granted	3,711,200	1,706,700	1,571,075
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10
Vesting period	1-5 years	2-6 years	1-2 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-			
1st vesting "12 months from the date of grant (for Grant A & Loyalty) and "24 months from the date of grant (for Grant B)	November 09, 2014	November 09, 2015	November 09, 2014
2nd vesting "On expiry of one year from the 1st vesting date"	November 09, 2015	November 09, 2016	November 09, 2015
3rd vesting "On expiry of one year from the 2nd vesting date"	November 09, 2016	November 09, 2017	-
4th vesting "On expiry of one year from the 3rd vesting date"	November 09, 2017	November 09, 2018	-
5th vesting "On expiry of one year from the 4th vesting date"	November 09, 2018	November 09, 2019	-
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years

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Particulars	**Tranche 2**			**Tranche 3**
Scheme Name	**Grant A**	**Grant B**	**Loyalty**	**Grant A**
Date of grant	July 08, 2014	July 08, 2014	July 08, 2014	March 06, 2015
Date of Board approval	July 08, 2014	July 08, 2014	July 08, 2014	March 06, 2015
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share
No. of options granted	456,000	380,900	6,100	325,000
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10	Rs. 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-				
1st vesting "12 months from the date of grant (for Grant A & Loyalty) and "24 months from the date of grant (for Grant B)	July 08, 2015	July 08, 2016	July 08, 2015	March 06, 2016
2nd vesting "On expiry of one year from the 1st vesting date"	July 08, 2016	July 08, 2017	July 08, 2016	March 06, 2017
3rd vesting "On expiry of one year from the 2nd vesting date"	July 08, 2017	July 08, 2018	-	March 06, 2018
4th vesting "On expiry of one year from the 3rd vesting date"	July 08, 2018	July 08, 2019	-	March 06, 2019
5th vesting "On expiry of one year from the 4th vesting date"	July 08, 2019	July 08, 2020	-	March 06, 2020
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years	8 Years

Muthoot Finance Limited
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Particulars	**Tranche 4**		
Scheme Name	**Grant A**	**Grant B**	**Loyalty**
Date of grant	June 27, 2016	June 27, 2016	June 27, 2016
Date of Board approval	June 27, 2016	June 27, 2016	June 27, 2016
Method of settlement	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share
No. of options granted	390,400	728,300	8,150
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10
Vesting period	1-5 years	2-6 years	1-2 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-			
1st vesting "12 months from the date of grant (for Grant A & Loyalty)" and "24 months from the date of grant (for Grant B)"	June 27, 2017	June 27, 2018	June 27, 2017
2nd vesting "On expiry of one year from the 1st vesting date"	June 27, 2018	June 27, 2019	June 27, 2018
3rd vesting "On expiry of one year from the 2nd vesting date"	June 27, 2019	June 27, 2020	-
4th vesting "On expiry of one year from the 3rd vesting date"	June 27, 2020	June 27, 2021	-
5th vesting "On expiry of one year from the 4th vesting date"	June 27, 2021	June 27, 2022	-
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 5**		
Scheme Name	**Grant A**	**Grant B**	**Loyalty**
Date of grant	August 07, 2017	August 07, 2017	August 07, 2017
Date of Board approval	August 07, 2017	August 07, 2017	August 07, 2017
Method of settlement	Equity settled	Equity settled	Equity settled
No. of equity shares for an option	One option - One share	One option - One share	One option - One share
No. of options granted	248,200	342,900	1,150
Exercise price per option (in Rs.)	Rs. 50	Rs. 50	Rs. 10
Vesting period	1-5 years	2-6 years	1-2 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant
A) Fixed Vesting period is as follows on following dates :-			
1st vesting "12 months from the date of grant (for Grant A & Loyalty)" and "24 months from the date of grant (for Grant B)"	August 07, 2018	August 07, 2019	August 07, 2018
2nd vesting "On expiry of one year from the 1st vesting date"	August 07, 2019	August 07, 2020	August 07, 2019
3rd vesting "On expiry of one year from the 2nd vesting date"	August 07, 2020	August 07, 2021	-
4th vesting "On expiry of one year from the 3rd vesting date"	August 07, 2021	August 07, 2022	-
5th vesting "On expiry of one year from the 4th vesting date"	August 07, 2022	August 07, 2023	-
B) Conditional Vesting	Service only - graded vesting	Service only - graded vesting	Service only - graded vesting
Exercise period	8 Years		5 Years

(Rupees in millions, except for share data and unless otherwise stated)

II Computation of fair value of options granted during the year

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche 1		
	Grant A	**Grant B**	**Loyalty**
Share price on the date of grant (Rs.)	Rs. 117.30	Rs. 117.30	Rs. 117.30
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10
Expected volatility (%)	57.68%	57.68%	57.68%
Life of the options granted (years)			
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years
Weighted average contractual life	4 years	5 years	2 years
Risk-free interest rate (%)	8.4% - 8.8% p.a.	8.4% - 8.95% p.a.	8.4% - 8.45% p.a.
Expected dividend yield (%)	3.84 % p.a.	3.84 % p.a.	3.84 % p.a.
Model used	Black-Scholes Model	Black-Scholes Model	Black-Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 68.75 (Nov 9, 2014)	Rs 70.21 (Nov 9, 2015)	Rs 102.01 (Nov 9, 2014)
	Rs 70.21 (Nov 9, 2015)	Rs 71.13 (Nov 9, 2016)	Rs 98.64 (Nov 9, 2015)
	Rs 71.13 (Nov 9, 2016)	Rs 71.52 (Nov 9, 2017)	-
	Rs 71.52 (Nov 9, 2017)	Rs 71.47 (Nov 9, 2018)	-
	Rs 71.47 (Nov 9, 2018)	Rs 71.11 (Nov 9, 2019)	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is estimated by the actual movement in share prices of the company for one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuosly compounded rates of daily stock returns.

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	Tranche 2			Tranche 3
	Grant A	**Grant B**	**Loyalty**	**Grant A**
Share price on the date of grant (Rs.)	Rs. 184.30	Rs. 184.30	Rs. 184.30	Rs. 219.05
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10	Rs. 50
Expected volatility (%)	53.96%	53.96%	53.96%	34.50%
Life of the options granted (years)				
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years	1.5-5.5 years
Weighted average contractual life	4 years	5 years	2 years	4 years
Risk-free interest rate (%)	8.26% - 8.35% p.a.	8.24% - 8.32% p.a.	8.32% - 8.35% p.a.	7.45% - 7.60 % p.a.
Expected dividend yield (%)	3.26% p.a.	3.26% p.a.	3.26% p.a.	2.74% p.a.
Model used	Black-Scholes Model	Black-Scholes Model	Black-Scholes Model	Black-Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 131.77 (July 8, 2015)	Rs 130.56 (July 8, 2016)	Rs 166.69 (July 8, 2015)	Rs 165.61 (Mar 6, 2016)
	Rs 130.56 (July 8, 2016)	Rs 129.33 (July 8, 2017)	Rs 161.77 (July 8, 2016)	Rs 163.16 (Mar 6, 2017)
	Rs 129.33 (July 8, 2017)	Rs 127.91 (July 8, 2018)	-	Rs 160.66 (Mar 6, 2018)
	Rs 127.91 (July 8, 2018)	Rs 126.26 (July 8, 2019)	-	Rs 158.13 (Mar 6, 2019)
	Rs 126.26 (July 8, 2019)	Rs 124.39 (July 8, 2020)	-	Rs 155.57 (Mar 6, 2020)

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is estimated by the actual movement in share prices of the company for one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuosly compounded rates of daily stock returns.

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 4**		
	Grant A	**Grant B**	**Loyalty**
Share price on the date of grant (Rs.)	Rs. 280.35	Rs. 280.35	Rs. 280.35
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10
Expected volatility (%)	36.98%	36.98%	36.98%
Life of the options granted (years)			
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years
Weighted average contractual life	4 years	5 years	2 years
Risk-free interest rate (%)	6.91% - 7.41% p.a.	7.08% - 7.47% p.a.	6.91% - 7.08% p.a.
Expected dividend yield (%)	2.14% p.a.	2.14% p.a.	2.14% p.a.
Model used	Black-Scholes Model	Black-Scholes Model	Black-Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 226.42 (June 27, 2017)	Rs 223.87 (June 27, 2018)	Rs 262.48 (June 27, 2017)
	Rs 223.87 (June 27, 2018)	Rs 221.34 (June 27, 2019)	Rs 257.37 (June 27, 2018)
	Rs 221.34 (June 27, 2019)	Rs 218.80 (June 27, 2020)	-
	Rs 218.80 (June 27, 2020)	Rs 216.20 (June 27, 2021)	-
	Rs 216.20 (June 27, 2021)	Rs 213.54 (June 27, 2022)	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is estimated by the actual movement in share prices of the company for one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuosly compounded rates of daily stock returns.

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 5**		
	Grant A	**Grant B**	**Loyalty**
Share price on the date of grant (Rs.)	Rs. 473.00	Rs. 473.00	Rs. 473.00
Exercise price (Rs.)	Rs. 50	Rs. 50	Rs. 10
Expected volatility (%)	40.24%	40.24%	40.24%
Life of the options granted (years)			
Expected life of options	1.5-5.5 years	2.5-6.5 years	1.5-2.5 years
Weighted average contractual life	5 years	6 years	2 years
Risk-free interest rate (%)	6.16% - 6.59% p.a.	6.27% - 6.67% p.a.	6.16% - 6.27% p.a.
Expected dividend yield (%)	1.27% p.a.	1.27% p.a.	1.27% p.a.
Model used	Black-Scholes Model	Black-Scholes Model	Black-Scholes Model
Fair value per option tranche on grant date (Rs.) (corresponding vesting date shown in brackets)	Rs 416.95 (August 7, 2018)	Rs 413.92 (August 7, 2019)	Rs 452.31 (August 7, 2018)
	Rs 413.92 (August 7, 2019)	Rs 410.90 (August 7, 2020)	Rs 447.05 (August 7, 2019)
	Rs 410.90(August 7, 2020)	Rs 407.88 (August 7, 2021)	-
	Rs 407.88(August 7, 2021)	Rs 404.82 (August 7, 2022)	-
	Rs 404.82(August 7, 2022)	Rs 401.71 (August 7, 2023)	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is estimated by the actual movement in share prices of the company for one year preceding the grant date. This historical volatility is the annualised standard deviation of the continuosly compounded rates of daily stock returns.

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III Reconciliation of options

Particulars	**Tranche 1**			**Tranche 2**			**Tranche 3**
Financial Year 2018-19	**Grant A**	**Grant B**	**Loyalty**	**Grant A**	**Grant B**	**Loyalty**	**Grant A**
Options outstanding at April 1, 2018	438,600	136,395	17,662	159,865	48,200	-	223,750
Granted during the year	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-
Exercised during the year	352,380	48,490	4,400	70,505	8,755	-	70,000
Expired / lapsed during the year	39,170	25,945	13,262	2,150	8,870	-	-
Options outstanding at March 31, 2019	47,050	61,960	-	87,210	30,575	-	153,750
Options exercisable at March 31, 2019	47,050	8,530	-	5,640	5,715	-	56,250
Weighted average remaining contractual life (in years)	-	0.61	-	0.27	0.82	-	0.93
Weighted average share price at the time of exercise*	487.20	491.66	455.92	467.18	467.07		486.29

Particulars	**Tranche 4**			**Tranche 5**		
Financial Year 2018-19	**Grant A**	**Grant B**	**Loyalty**	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2018	254,220	330,300	4,087	226,100	231,000	1,150
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	32,890	11,180	2,512	18,590	-	375
Expired / lapsed during the year	32,085	145,890	200	8,610	64,900	-
Options outstanding at March 31, 2019	189,245	173,230	1,375	198,900	166,100	775
Options exercisable at March 31, 2019	9,620	7,990	1,375	3,510	-	200
Weighted average remaining contractual life (in years)	1.38	2.02	-	2.13	2.86	0.35
Weighted average share price at the time of exercise*	468.21	488.95	460.00	467.32	-	469.52

* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in respective financial year.
The Company has used Fair value method for accounting of Share based payments cost.

Muthoot Finance Limited

Notes to financial statements for the year ended March 31, 2019

(Rupees in millions, except for share data and unless otherwise stated)

Particulars	**Tranche 1**			**Tranche 2**			**Tranche 3**
Financial Year 2017-18	**Grant A**	**Grant B**	**Loyalty**	**Grant A**	**Grant B**	**Loyalty**	**Grant A**
Options outstanding at April 1, 2017	902,790	286,205	29,224	231,350	108,510	200	274,900
Granted during the year	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-
Exercised during the year	358,010	55,570	10,387	57,510	7,845	200	51,150
Expired / lapsed during the year	106,180	94,240	1,175	13,975	52,465	-	-
Options outstanding at March 31, 2018	438,600	136,395	17,662	159,865	48,200	-	223,750
Options exercisable at March 31, 2018	42,390	13,855	17,662	4,710	4,475	-	45,000
Weighted average remaining contractual life (in years)	0.61	1.16		0.82	1.41		1.48
Weighted average share price at the time of exercise*	430.10	424.96	421.51	437.85	432.60	415.74	400.60

Particulars	**Tranche 4**			**Tranche 5**		
Financial Year 2017-18	**Grant A**	**Grant B**	**Loyalty**	**Grant A**	**Grant B**	**Loyalty**
Options outstanding at April 1, 2017	350,700	646,200	7,825	-	-	-
Granted during the year	-	-	-	248,200	342,900	1,150
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	22,180	-	2,838	-	-	-
Expired / lapsed during the year	74,300	315,900	900	22,100	111,900	-
Options outstanding at March 31, 2018	254,220	330,300	4,087	226,100	231,000	1,150
Options exercisable at March 31, 2018	7,350	-	825	-	-	-
Weighted average remaining contractual life (in years)	2.02	2.74	0.24	2.86	3.86	0.85
Weighted average share price at the time of exercise*	447.90	-	465.98	-	-	-

* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in respective financial year.
The Company has used Fair value method for accounting of Share based payments cost.

Note 47: Standard issued but not yet effective

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116,Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases ,and related Interpretations. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The Standard sets out the principles for recognition, measurement presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Company is in the process of evaluating the impact on application of Ind AS 116 with respect to lease arrangements entered into on its financial statements.

Ind AS 12 Appendix C: Uncertainty over Income tax Treatments: On March 30, 2019,Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit,(or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the profitability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for the adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.The Company is in the process of evaluating the impact on application of this standard on its financial statements.

Amendment to Ind AS 12- Income Taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 , 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements

Amendment to Ind AS 19- plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements.

Note 48: Utilization of proceeds of Public Issue of Non - Convertible Debentures

The company has during the year raised through public issue Rs.37,094.57 millions of Secured Redeemable Non-Convertible Debentures. As at March 31, 2019, the company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

Note 49: Corporate Social Responsibility (CSR)

The company has constituted CSR Committee and has undertaken CSR activities in accordance with Schedule VII to the Companies Act, 2013 mainly through the trusts, Muthoot M George Foundation and Muthoot M George Charitable Trust. Muthoot M George Foundation and Muthoot M George Charitable Trust are public charitable trusts formed under Indian Trust Act, 1882 having registration under section 12 AA of the Income Tax Act, 1961. The gross amount required to be spent by the company as per Section 135 of the Companies Act, 2013 is Rs.405.49 millions (March 31, 2018: Rs. 284.37 millions) and the company has spent Rs.282.92 millions (March 31, 2018: Rs.197.28 millions).

Note 50: Equity Investments in Subsidiaries

Muthoot Homefin (India) Limited

During the year, the company subscribed to 2,14,28,571 equity shares in Muthoot Homefin (India) Limited for a consideration of Rs.1,499.99 millions. As at March 31, 2019, the total share holding in Muthoot Homefin (India) Limited is 119,155,843 equity shares (March 31, 2018: 97,727,272 equity shares) representing 100% (March 31, 2018: 100.00%) of their total equity share capital.

Belstar Investment and Finance Private Limited

During the year, the company subscribed to 87,27,755 equity shares for a consideration of Rs.1,368.25 millions and acquired 11,21,366 equity shares of Rs. 173.81 millions of Belstar Investment and Finance Private Limited. As at March 31, 2019, the total shareholding in Belstar Investment and Finance Private Limited, is 2,62,66,580 equity shares (March 31, 2018: 16,417,459 equity shares) representing 70.01% (March 31, 2018: 66.61%) of their total equity share capital.

Asia Asset Finance Plc

During the year, the company subscribed to 25,113,179 equity shares of Asia Asset Finance Plc for a consideration of Rs.100.45 millions increasing the shareholding to 69.17% (March 31, 2018: 60.00%) of their total equity share capital.

Muthoot Money Private Limited

During the year, the Company acquired Muthoot Money Private Limited (MMPL), a Non Deposit taking Non-Banking Financial Company (NBFC-ND) engaged in lending, primarily in vehicle finance business, by acquiring 5,625 equity shares of face value Rs. 1,000/- each at a price of Rs. 17,685/- per share aggregating to Rs. 99.48 millions from existing shareholders, thus making it a wholly owned subsidiary. It also subscribed to 56,545 fresh equity shares of face value of Rs. 1,000/- each at Rs. 17,685/- per share aggregating to Rs. 999.99 millions.

Muthoot Asset management Private Limited

During the year,the Company incorporated a wholly owned subsidiary Muthoot Asset Management Private Limited by infusing Rs. 510.00 millions.

Muthoot Trustee Private Limited

During the year, the Company incorporated a wholly owned subsidiary Muthoot Trustee Private Limited by infusing Rs.1 million

Note 51: Frauds during the year

During the year , frauds committed by employees and customers of the company amounted to Rs.38.31 millions (March 31, 2018: Rs.35.06 millions) which has been recovered /written off / provided for. Of the above, fraud by employees of the company amounted to Rs.33.52 millions (March 31,2018: Rs.25.85 millions).

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
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Note 52: Disclosure required as per Reserve Bank of India Notification No. DNBS.CC.PD.NO. 265/03.10.01/2011-12 dated March 21, 2012

Particulars	As at March 31, 2019	As at March 31, 2018
Gold Loans granted against collateral of gold jewellery (principal portion)	335,852.95	288,483.85
Total assets of the Company	380,687.00	307,922.55
Percentage of Gold Loans to Total Assets	88.22%	93.69%

Note 53: Disclosures required as per Reserve Bank of India Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sl. No.	Particulars	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities :				
1	**Loans and advances* availed by the non-banking financial company inclusive of interest accrued thereon but not paid :-**	**As at March 31, 2019**		**As at March 31, 2018**	
	(a) Debentures : Secured	86,237.69	Nil	56,548.36	Nil
	: Unsecured	Nil	Nil	Nil	Nil
	(other than falling within the meaning of public deposits)				
	: Perpetual Debt Instrument	Nil	Nil	Nil	Nil
	(b) Deferred credits	Nil	Nil	Nil	Nil
	(c) Term Loans	7,011.24	Nil	2,003.73	Nil
	(d) Inter-corporate loans and borrowing	Nil	Nil	Nil	Nil
	(e) Commercial Paper	48,083.89	Nil	28,340.11	Nil
	(f) Other Loans (specify nature)				
	Loan from Directors/ Relatives of Directors	5,711.08	Nil	8,815.05	Nil
	Subordinated Debt	7,119.99	Nil	19,385.09	Nil
	Borrowings from Banks/FI	124,183.21	Nil	110,026.23	Nil
	Overdraft against Deposit with Banks	1.84	Nil	0.58	Nil

*Principal amounts of loans and advances availed

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

Sl. No.	**Assets :**	**As at March 31, 2019**	**As at March 31, 2018**
2	**Break-up of Loans and Advances including bills receivables (other than those included in (3) below) :-**		
	(including interest accrued)		
	(a) Secured	349,189.81	298,244.77
	(b) Unsecured	8,346.65	4,818.67

Sl. No.	**Assets :**	**As at March 31, 2019**	**As at March 31, 2018**
3	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:-**		
	(i) Lease assets including lease rentals under sundry debtors:-		
	(a) Financial lease	Nil	Nil
	(b) Operating lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil

4	**Break-up of Investments (net of provision for diminution in value) :-**	**As at March 31, 2019**	**As at March 31, 2018**
	Current Investments:-		
	1. Quoted:		
	(i) Shares : (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities(net of amortisation)	Nil	10.21
	(v) Others	Nil	Nil
	2. **Unquoted:**		
	(i) Shares : (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term investments:-		
	1. **Quoted:**		
	(i) Shares : (a) Equity	493.34	392.89
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	644.92	Nil
	(iii) Units of mutual funds	Nil	300.31
	(iv) Government Securities(net of amortisation)	50.94	50.92
	(v) Others	Nil	Nil
	2. **Unquoted:**		
	(i) Shares : (a) Equity	8,636.36	3,199.94
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others - Investment in Pass Through Certificates	Nil	Nil

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Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

5	**Borrower Group-wise Classification of Assets Financed* as in (2) and (3) above:-**			
	Category	**As at March 31, 2019**		
		Amount (Principal, Net of provisioning)		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	-	5,000.00	5,000.00
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	329,703.66	1,398.46	331,102.12
	Total	329,703.66	6,398.46	336,102.12

*Principal amounts of assets financed

	Category	**As at March 31, 2018**		
		Amount (Principal, Net of provisioning)		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	79.67	2,250.00	2,329.67
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	282,579.32	419.93	282,999.25
	Total	**282,658.99**	**2,669.93**	**285,328.91**

6	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :-**				
	Category	**As at March 31, 2019**		**As at March 31, 2018**	
		Market Value / Break up value or fair value or Net Asset Value	**Book Value (Net of provisioning)**	**Market Value / Break up value or fair value or Net Asset Value**	**Book Value (Net of provisioning)**
	1. Related Parties				
	(a) Subsidiaries	7,928.12	8,182.49	3,330.86	3,429.50
	(b) Companies in the same group	197.17	197.17	163.29	163.29
	(c) Other related parties	Nil	Nil	Nil	Nil
	2. Other than related parties	1,392.60	1,445.90	363.65	361.48
	Total	**9,517.89**	**9,825.56**	**3,857.80**	**3,954.27**

Muthoot Finance Limited
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(Rupees in millions, except for share data and unless otherwise stated)

7	Other information	Amount outstanding	
		As at March 31, 2019	**As at March 31, 2018**
	Particulars		
(i)	Gross Non-Performing Assets*		
	(a) With Related parties	Nil	Nil
	(b) With Others	9,326.00	12,871.59
(ii)	Net Non-Performing Assets*		
	(a) With Related parties	Nil	Nil
	(b) With Others	8,031.04	10,970.63
(iii)	Assets acquired in satisfaction of debt		
	(a) With Related parties	Nil	Nil
	(b) With Others	Nil	Nil

* Stage 3 Loan assets under Ind AS

8. Details of the Auctions conducted with respect to Gold Loan

The Company auctioned 367,087 loan accounts (Previous Year: 540,858 accounts) during the financial year. The outstanding dues on these loan accounts were Rs.15,184.51 millions (March 31, 2018: Rs.27,168.03 millions) till the respective date of auction. The Company realised Rs.14,000.47 millions (March 31, 2018: Rs.25,176.78 millions) on auctioning of gold jewellery taken as collateral security on these loans. Company confirms that none of its sister concerns participated in the above auctions

9 a) Capital

	Particulars	As at March 31, 2019	As at March 31, 2018
i)	CRAR (%)	26.05	26.26
ii)	CRAR-Tier I capital (%)	25.61	25.49
iii)	CRAR-Tier II capital (%)	0.44	0.77
iv)	Amount of subordinated debt raised as Tier-II capital	4,446.41	11,237.20
v)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

9 b) Investments

	Particulars	As at March 31, 2019	As at March 31, 2018
1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	9,332.26	3,561.42
	(b) Outside India	493.30	392.85
	(ii) Provisions for Depreciation		
	(a) In India	Nil	Nil
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investments		
	(a) In India	9,332.26	3,561.42
	(b) Outside India	493.30	392.85
2)	Movement of provisions held towards		
	Depreciation on investments		
	(i) Opening balance	Nil	Nil
	(ii) Add : Provisions made during the year	Nil	Nil
	(iii) Less : Write-off / write-back of excess provisions during the year	Nil	Nil
	(iv) Closing balance	Nil	Nil

(Rupees in millions, except for share data and unless otherwise stated)

9 c) Derivatives

Forward Rate Agreement / Interest Rate Swap

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	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

Exchange traded interest rate (IR) derivatives

	Particulars	As at March 31, 2019	As at March 31, 2018
	Exchange traded interest rate (IR) derivatives	Nil	Nil

Disclosures on risk exposures of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions.The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Quantitative disclosures

	Particulars	As at March 31, 2019		As at March 31, 2018	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
(i)	Derivatives (Notional principal amount)				
	For hedging	Nil	Nil	Nil	Nil
(ii)	Marked to market positions				
	a) Asset	Nil	Nil	Nil	Nil
	b) Liability	Nil	Nil	Nil	Nil
(iii)	Credit exposure	Nil	Nil	Nil	Nil
(iv)	Unhedged exposures	Nil	Nil	Nil	Nil

9 d) Disclosure relating to securitisation

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	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Disclosure relating to securitisation	Nil	Nil

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
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9 e) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

As at 31.03.2019	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 year	Over 3 to 5 years	Over 5 years	Non sensitive to ALM **	Total
Liabilities										
Deposits	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Borrowings	11,082.93	17,742.43	23,869.66	1,715.97	140,016.50	55,140.78	18,897.69	504.93	(639.37)	268,331.52
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-
Advances*	71,146.14	55,282.43	44,987.00	86,409.44	84,142.84	13,669.64	218.31	4.82	(6,531.32)	349,329.32
Investments (other than investment in foreign subsidiary)	-	-	-	-	-	20.34	30.60	9,281.32	-	9,332.26
Foreign Currency assets (Investment in foreign subsidiary)	-	-	-	-	-	-	-	493.30	-	493.30

*Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

**represents adjustments on account of EIR/ECL

As at 31.03.2018	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 year	Over 3 to 5 years	Over 5 years	Non sensitive to ALM **	Total
Liabilities										
Deposits	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Borrowings	2,788.61	17,197.17	14,585.31	5,629.61	126,672.53	34,525.82	9,604.15	986.00	(318.83)	211,670.37
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-
Advances*	56,806.66	43,677.16	36,201.68	73,458.69	81,257.70	9,894.98	19.59	0.14	(6,248.57)	295,068.03
Investments (other than investment in foreign subsidiary)	-	-	-	10.21	-	300.31	30.58	3,220.32	-	3,561.42
Foreign Currency assets (Investment in foreign subsidiary)	-	-	-	-	-	-	-	392.85	-	392.85

*Contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the above maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

**represents adjustments on account of EIR/ECL

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9 f) Exposures

i) Exposure to Real Estate Sector

	Category	As at March 31, 2019	As at March 31, 2018
a)	Direct exposure (Net of Advances from Customers)		
(i)	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	Nil	Nil
(ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits;	Nil	135.26
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential,	Nil	Nil
	b. Commercial Real Estate.	Nil	Nil
	Total Exposure to Real Estate Sector	**Nil**	**135.26**

ii) Exposure to Capital Market

	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	0.04	300.35
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds /convertible debentures / units of equity oriented mutual funds does not fully cover the advances	Nil	Nil
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil
vi)	Loans sanctioned to corporates against the security of shares /bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
vii)	Bridge loans to companies against expected equity flows /issues	Nil	Nil
viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Markets	**0.04**	**300.35**

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
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iii) Details of financing of parent company products Not Applicable

iv) Details of Single Borrower Limit(SGL)/ Group Borrower Limit(GBL) exceeded by the Company Nil

v) Total amount of advances for which intangible securities such as charge over the rights , licenses, authority etc has been taken and which is to be classified as Unsecured Advances Nil

9 g) Registration obtained from financial sector regulators

Sl.No.	Regulator	Registration Number
1	Reserve Bank of India	Certificate of Registration No. N 16.00167

9 h) Penalties levied by the above Regulators- Nil

9 i) Ratings assigned by Credit rating Agencies

Sl. No	Particulars	As at March 31, 2019	As at March 31, 2018
1	Commercial paper	CRISIL A1+, ICRA A1+	CRISIL A1+, ICRA A1+
2	Bank Loans - Working Capital Demand Loans	ICRA A1+	ICRA A1+
3	Bank Loans - Cash Credit	ICRA AA(Stable)	ICRA AA(Stable)
4	Bank Term Loans	ICRA AA(Stable)	ICRA AA(Stable)
5	Non Convertible Debentures- Long term	CRISIL AA(Stable), ICRA AA(Stable)	CRISIL AA(Stable), ICRA AA(Stable)
6	Subordinated Debt	CRISIL AA(Stable), ICRA AA(Stable)	CRISIL AA(Stable), ICRA AA(Stable)

During the year, there were no change in the above ratings .

9 j) Provisions and Contingencies

Sl. No	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	Year ended March 31, 2019	Year ended March 31, 2018
1	Provisions for depreciation on Investment	Nil	Nil
2	Provision towards NPA (Expected Credit Loss)	Nil	2,061.03
3	Provision made towards Income Tax	11,046.74	10,671.26
4	Other Provision and Contingencies (with details)		
	Provision for Leave Encashment	16.13	212.43
	Provision for Gratuity	135.21	128.06
	Provision for Other Assets	16.24	19.06
5	Provision for Standard Assets	Nil	Nil

(Rupees in millions, except for share data and unless otherwise stated)

9 k) Concentration of Advances

SLNo	Particulars	As at March 31, 2019	As at March 31, 2018
1	Total Advances to twenty largest borrowers	5,380.79	2,724.72
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.57%	0.94%

9 l) Concentration of Exposures

SLNo	Particulars	As at March 31, 2019	As at March 31, 2018
1	Total Exposures to twenty largest borrowers/customers	5,380.79	2,724.72
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	1.57%	0.94%

9 m) Concentration of NPAs*

SLNo	Particulars	As at March 31, 2019	As at March 31, 2018
1	Total Exposures to top four NPA accounts	24.20	158.95

*Stage 3 loans assets under IND AS

9 n) Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2019	Percentage of NPAs to Total Advances in that sector as on March 31, 2018
1	Agriculture & allied activities	Nil	Nil
2	MSME	Nil	Nil
3	Corporate borrowers	Nil	0.05%
4	Services	Nil	Nil
5	Unsecured personal loans	0.13%	0.15%
6	Auto loans (commercial vehicles)	Nil	Nil
7	Other loans	2.67%	4.37%

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

9 o) Movement of NPAs*

Sl. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Net NPAs* to Net Advances (%)	2.39%	3.84%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	12,871.59	7,612.23
	(b) Additions during the year	8,404.10	12,071.92
	(c) Reductions during the year	11,949.69	6,812.56
	(d) Closing balance	9,326.00	12,871.59
(iii)	Movement of Net NPAs*	-	-
	(a) Opening balance	10,970.63	6,380.31
	(b) Additions during the year	8,404.10	11,402.88
	(c) Reductions during the year	11,343.69	6,812.56
	(d) Closing balance	8,031.04	10,970.63
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)	-	-
	(a) Opening balance	1,900.96	1,231.92
	(b) Provisions made during the year	-	669.04
	(c) Write-off / write -back of excess provisions	606.00	-
	(d) Closing balance	1,294.96	1,900.96

Additions/ Reductions to NPA (Gross and Net) stated above during the year are based on year end figures.
* Stage 3 loan assets under IND AS.

9 p) Overseas Assets as at March 31, 2019

Sl. No.	Name of the Subsidiary	Country	Total assets
1	Asia Asset Finance PLC, Sri Lanka	Sri Lanka	493.30

9 q) Off-balance Sheet SPVs sponsored

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Sl. No.	Name of the Subsidiary	As at March 31, 2019	As at March 31, 2018
a)	Domestic	Nil	Nil
b)	Overseas	Nil	Nil

Muthoot Finance Limited
Notes to financial statements for the year ended March 31, 2019
(Rupees in millions, except for share data and unless otherwise stated)

9 r) Customer Complaints

Sl. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	No. of complaints pending as at the beginning of the year	18	16
(b)	No of complaints received during the year	351	322
(c)	No of complaints redressed during the year	365	320
(d)	No. of complaints pending as at the end of the year	4	18

Note 54: Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

Notes on accounts form part of standalone financial statements
As per our report of even date attached

For **Varma & Varma**
(FRN : 004532S)

Sd/-
V. Sathyanarayanan
Partner
Chartered Accountants
Membership No. 21941

Place: Kochi
Date: May 13, 2019

For and on behalf of the Board of Directors

Sd/-
M.G. George Muthoot
Chairman & Whole-time Director
DIN: 00018201

Sd/-
George Alexander Muthoot
Managing Director
DIN: 00016787

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: May 13, 2019

Independent Auditor's Certificate on 'Statement of Accounting Ratios'

To

The Board of Directors
Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road
Kochi – 682 018

Dear Sirs,

Independent Auditor's Certificate on 'Statement of Accounting Ratios'

1. This Certificate is issued in accordance with the request from Muthoot Finance Limited, Kochi (the Company) to certify whether the financial information as per the accompanying statement of "Statement of Accounting Ratios" in **Annexure** are based on and have been accurately extracted from the audited consolidated financial statements of the company. The Certificate is issued to the Board of Directors of the Company for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of the Company.

Management's Responsibility on "Statement of Accounting Ratios"

2. The preparation of the "Statement of Accounting Ratios" annexed to this certificate, is the responsibility of the Management of Muthoot Finance Limited (hereinafter referred to as "the company"). The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the said Statement. The Management is also responsible for identifying and ensuring that the Company complies with the requirements of the Act and the SEBI Regulations.

3. The Financial Information in the Annexure have been extracted by the Management from the Audited Consolidated Financial Statements of the Company as at March 31 2019 and for the year ended March 31, 2019 with comparative information for year ended March 2018, prepared in accordance with Indian Accounting Standards and the Audited Consolidated Financial Statements of the Company as at March 31,2017, 2016 and 2015 and for each of the years ended March 31, 2017, 2016 and 2015 which were approved by the Board of Directors at the meetings held on May 13, 2019, May 18 2017, May 27 2016 and May 5 2015 respectively and approved by the NCD Committee of the Board of Directors.

Independent Auditor's Responsibility

4. Pursuant to the requirements of the Company as stated above, it is our responsibility to certify whether the financial information as per the accompanying statement of "Statement of Accounting

Ratios" in **Annexure** are based on and have been accurately extracted from the audited consolidated financial statements of the company for the year ended March 31, 2019 with comparative information for year ended March 2018, prepared in accordance with Indian Accounting Standards and the audited consolidated financial statements for the years ended March 31, 2017, 2016 and 2015 prepared in accordance with Indian GAAP.

5. For this purpose, we have examined the audited consolidated financial statements of the company for the years ended March 31, 2019 (including comparative information for year ended March 31, 2018), March 31, 2017, 2016 and 2015. The audit of the Consolidated Financial Statements of the Company for the financial years ended March 31 2017, 2016 and 2015 were conducted by the previous auditors, M/s Rangamani & Co (the "previous auditor") and accordingly reliance has been placed on the audit opinions issued by the previous auditor dated May 18 2017, May 27 2016 and May 5 2015 respectively to the members of the Company for the said years. There are no qualifications in the auditors' reports for the respective years issued by us or the previous auditors as referred above, which require any adjustments to the Consolidated Financial Information included in the Annexure.

6. We conducted our examination of the information in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements to the extent applicable to this assignment.

Opinion

8. According to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditor, in our opinion, the financial information contained in the accompanying statement of "Statement of Accounting Ratios" in **Annexure** are based on and have been accurately extracted from the Audited Consolidated Financial Statements for the years ended March 31, 2019 (including comparative information for year ended March 31, 2018), March 31, 2017, 2016 and 2015.

Restriction on Use

9. This certificate addressed to and provided to the Board of Directors of the Company is solely for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of Muthoot Finance Limited. Our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

UDIN: 19203094AAAAAS8891
Place : Kochi
Date : September 17, 2019

For VARMA & VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 20309

ANNEXURE

MUTHOOT FINANCE LIMITED

Statement of Accounting Ratios
(Consolidated)

Sl No.	Particulars	For the Year Ended 31 March		For the Year Ended 31 March		
		2019	2018	2017	2016	2015
A	Earnings per Equity share (Face Value of Rs. 10/- each)					
	-Basic (Rs.)	51.92	45.79	30.06	20.46	16.98
	-Diluted (Rs.)	51.82	45.64	29.95	20.22	16.81
B	Return on Equity (%)	23.36%	25.45%	19.73%	15.22%	13.20%
C	Book Value per Equity share (Face value of Rs. 10/- each)	247.87	196.39	163.67	140.91	127.75
D	Borrowings (Rs in millions)	3,01,275.11	2,38,907.01	2,21,766.76	1,88,541.93	1,96,205.51
E	Debt Equity Ratio	3.03	3.04	3.39	3.35	3.86

Note: The above information for the years ended March 31, 2019 and 2018 is based on consolidated financial statements prepared in accordance with Indian Accounting Standards (INDAS). The above information for the years ended March 31, 2017, 2016 and 2015 is based on consolidated financial statements prepared in accordance with Indian GAAP.

For MUTHOOT FINANCE LIMITED

Authorised Signatory

VARMA & VARMA KOCHI-19 CHARTERED ACCOUNTANTS

Independent Auditor's Certificate on 'Statement of Accounting Ratios'

To

The Board of Directors
Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road
Kochi – 682 018

Dear Sirs,

Independent Auditor's Certificate on 'Statement of Accounting Ratios'

1. This Certificate is issued in accordance with the request from Muthoot Finance Limited, Kochi (the Company) to certify whether the financial information as per the accompanying statement of "Statement of Accounting Ratios" in **Annexure** are based on and have been accurately extracted from the audited standalone financial statements of the company. The Certificate is issued to the Board of Directors of the Company for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of the Company.

Management's Responsibility on "Statement of Accounting Ratios"

2. The preparation of the "Statement of Accounting Ratios" annexed to this certificate, is the responsibility of the Management of Muthoot Finance Limited (hereinafter referred to as "the company"). The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the said Statement. The Management is also responsible for identifying and ensuring that the Company complies with the requirements of the Act and the SEBI Regulations.

3. The Financial Information in the Annexure have been extracted by the Management from the Audited Standalone Financial Statements of the Company as at March 31 2019 and for the year ended March 31, 2019 with comparative information for year ended March 2018, prepared in accordance with Indian Accounting Standards and the Audited Standalone Financial Statements of the Company as at March 31,2017, 2016 and 2015 and for each of the years ended March 31, 2017, 2016 and 2015 which were approved by the Board of Directors at the meetings held on May 13, 2019, May 18 2017, May 27 2016 and May 5 2015 respectively and approved by the NCD Committee of the Board of Directors.

Independent Auditor's Responsibility

4. Pursuant to the requirements of the Company as stated above, it is our responsibility to certify whether the financial information as per the accompanying statement of "Statement of Accounting Ratios" in **Annexure** are based on and have been accurately extracted from the audited standalone

financial statements of the company for the year ended March 31, 2019 with comparative information for year ended March 2018, prepared in accordance with Indian Accounting Standards and the audited standalone financial statements for the years ended March 31, 2017, 2016 and 2015 prepared in accordance with Indian GAAP.

5. For this purpose, we have examined the audited standalone financial statements of the company for the years ended March 31, 2019 (including comparative information for year ended March 31, 2018), March 31, 2017, 2016 and 2015. The audit of the Standalone Financial Statements of the Company for the financial years ended March 31 2017, 2016 and 2015 were conducted by the previous auditors, M/s Rangamani & Co (the "previous auditor") and accordingly reliance has been placed on the audit opinions issued by the previous auditor dated May 18 2017, May 27 2016 and May 5 2015 respectively to the members of the Company for the said years. There are no qualifications in the auditors' reports for the respective years issued by us or the previous auditors as referred above, which require any adjustments to the Standalone Financial Information included in the Annexure.

6. We conducted our examination of the information in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements to the extent applicable to this assignment.

Opinion

8. According to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditor, in our opinion, the financial information contained in the accompanying statement of "Statement of Accounting Ratios" in **Annexure** are based on and have been accurately extracted from the Audited Standalone Financial Statements for the years ended March 31, 2019 (including comparative information for year ended March 31, 2018), March 31, 2017, 2016 and 2015.

Restriction on Use

9. This certificate addressed to and provided to the Board of Directors of the Company is solely for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of Muthoot Finance Limited. Our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

UDIN: 19203094AAAAAR8767
Place : Kochi
Date : September 17, 2019

For VARMA & VARMA
(FRN: 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

ANNEXURE

MUTHOOT FINANCE LIMITED

Statement of Accounting Ratios
(Standalone)

Sl No.	Particulars	For the Year Ended 31 March		For the Year Ended 31 March		
		2019	2018	2017	2016	2015
A	Earnings per Equity share (Face value of Rs. 10/- each)					
	-Basic (Rs.)	49.27	44.48	29.56	20.34	16.97
	-Diluted (Rs.)	49.18	44.33	29.45	20.10	16.80
B	Return on Equity (%)	22.40%	24.84%	19.44%	15.13%	14.35%
C	Book Value per Equity share (Face Value of Rs. 10/- each)	244.41	195.28	163.12	140.83	127.74
D	Borrowings (Rs in millions)	2,68,331.52	2,11,670.37	2,09,854.68	1,85,670.10	1,94,361.02
E	Debt Equity Ratio	2.74	2.71	3.22	3.30	3.82

Note: The above information for the years ended March 31, 2019 and 2018 is based on standalone financial statements prepared in accordance with Indian Accounting Standards (INDAS). The above information for the years ended March 31, 2017, 2016 and 2015 is based on standalone financial statements prepared in accordance with Indian GAAP.

For MUTHOOT FINANCE LIMITED

Authorised Signatory

VARMA & VARMA
CHARTERED ACCOUNTANTS
KOCHI-19

Independent Auditor's Certificate on

'Statement of Dividend in respect of Equity Shares'

To

The Board of Directors
Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road
Kochi – 682 018

Dear Sirs,

Independent Auditor's Certificate on 'Statement of Dividend in respect of Equity Shares'

1. This Certificate is issued in accordance with the request from Muthoot Finance Limited, Kochi (the Company) to certify whether the financial information as per the accompanying statement of "Statement of Dividend in respect of Equity Shares" in **Annexure** are based on and have been accurately extracted from the audited standalone financial statements of the company. The Certificate is issued to the Board of Directors of the Company for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of the Company.

Management's Responsibility on 'Statement of Dividend in respect of Equity Shares'

2. The preparation of the "Statement of Dividend in respect of Equity Shares" annexed to this certificate, is the responsibility of the Management of Muthoot Finance Limited (hereinafter referred to as "the company"). The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the said Statement. The Management is also responsible for identifying and ensuring that the Company complies with the requirements of the Act and the SEBI Regulations.

3. The Financial Information in the Annexure have been extracted by the Management from the Audited Standalone Financial Statements of the Company as at March 31 2019, 2018,2017, 2016 and 2015 and for each of the years ended March 31 2019, 2018, 2017, 2016 and 2015 which were approved by the Board of Directors at the meetings held on May 13, 2019, May 16, 2018, May 18 2017, May 27 2016 and May 5 2015 respectively and approved by the NCD Committee of the Board of Directors.

Independent Auditor's Responsibility

4. Pursuant to the requirements of the Company as stated above, it is our responsibility to certify whether the financial information as per the accompanying statement of "Statement of Dividend in

respect of Equity Shares" in **Annexure** are based on and have been accurately extracted from the audited standalone financial statements of the company for the years ended March 31, 2019 , 2018, 2017, 2016 and 2015.

5. For this purpose, we have examined the audited standalone financial statements of the company for the years ended March 31, 2019, 2018, 2017, 2016 and 2015 and books of account of the company. The audit of the Standalone Financial Statements of the Company for the financial years ended March 31 2017, 2016 and 2015 were conducted by the previous auditors, M/s Rangamani & Co (the "previous auditor") and accordingly reliance has been placed on the audit opinions issued by the previous auditor dated May 18 2017, May 27 2016 and May 5 2015 respectively to the members of the Company for the said years. There are no qualifications in the auditors' reports for the respective years issued by us or the previous auditors as referred above, which require any adjustments to the Standalone Financial Information included in the Annexure.

6. We conducted our examination of the information in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements to the extent applicable to this assignment.

Opinion

8. According to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditor, in our opinion, the financial information contained in the accompanying statement of "Statement of Dividend in respect of Equity Shares" in **Annexure** are based on and have been accurately extracted from the Audited Standalone Financial Statements for the years ended March 31, 2019, 2018, 2017, 2016 and 2015.

Restriction on Use

9. This certificate addressed to and provided to the Board of Directors of the Company is solely for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of Muthoot Finance Limited. Our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

For VARMA & VARMA
(FRN:004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

UDIN: 19203094AAAAAQ5164
Place : Kochi
Date : September 17, 2019

ANNEXURE

MUTHOOT FINANCE LIMITED

Statement of Dividend in respect of Equity Shares

Particulars	For the Year Ended 31 March,				
	2019*	2018	2017	2016	2015
Interim Dividend					
Equity Share Capital (Rs. in million)	4,006.61	4,000.41	3,994.76	3,990.02	3,979.66
Number of Equity Shares	40,06,61,316	40,00,41,239	39,94,75,549	39,90,02,332	39,79,66,419
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00
Dividend %	120%	100%	60%	60%	40%
Dividend/ Equity Share (Rs.)	12.00	10.00	6.00	6.00	4.00
Dividend Amount (Rs. in million)	4,807.94	3,999.14	2,396.85	2,390.18	1,588.26
Dividend Distribution Tax (Rs. in million)	988.29	814.13	487.94	486.59	269.92
Proposed Final Dividend for the Current Year					
Equity Share Capital (Rs. in million)	Nil	Nil	Nil	Nil	3,979.66
Number of Equity Shares	Nil	Nil	Nil	Nil	39,79,66,419
Face Value (Rs.)	Nil	Nil	Nil	Nil	10.00
Dividend %	Nil	Nil	Nil	Nil	20%
Dividend/ Equity Share (Rs.)	Nil	Nil	Nil	Nil	2.00
Dividend Amount (Rs. in million)	Nil	Nil	Nil	Nil	795.93
Dividend Distribution Tax (Rs. in million)	Nil	Nil	Nil	Nil	162.06

* *Date of declaration of interim dividend: April 05, 2019*

For MUTHOOT FINANCE LIMITED

Authorised Signatory

VARMA & VARMA
KOCHI-19
CHARTERED ACCOUNTANTS

Independent Auditor's Certificate

To

The Board of Directors
Muthoot Finance Limited
2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road
Kochi – 682 018

Dear Sirs,

Independent Auditor's Certificate on Disclosure pursuant to Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. This Certificate is issued in accordance with the request from Muthoot Finance Limited, Kochi (the Company) to certify whether the financial information as per the accompanying statement of Disclosure pursuant to Part A of Schedule V read with Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Statement') in **Annexure** have been accurately extracted from the Report of the Board of Directors of the Company for the year ended March 31, 2019. The Certificate is issued to the Board of Directors of the Company for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of the Company.

Management's Responsibility on "Statement of Accounting Ratios"

2. The preparation of the Annexure to this certificate, is the responsibility of the Management of Muthoot Finance Limited (hereinafter referred to as "the company"). The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the said Statement. The Management is also responsible for identifying and ensuring that the Company complies with the requirements of the Act and the SEBI Regulations.

3. The Financial Information in the Annexure have been extracted by the Management from the Report of the Board of Directors of the Company for the year ended March 31, 2019.

Independent Auditor's Responsibility

4. Pursuant to the requirements of the Company as stated above, it is our responsibility to certify whether the financial information as per the accompanying Statement in Annexure have been accurately extracted from the Report of the Board of Directors of the Company for the year ended March 31, 2019.

5. For this purpose, we have examined the Annexure to the Report of the Board of Directors of the Company for the year ended March 31, 2019 containing the Disclosure pursuant to Part A of Schedule V read with Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. We conducted our examination of the information in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements to the extent applicable to this assignment.

Opinion

8. According to the information and explanations given to us, in our opinion, the financial information contained in the accompanying Statement in **Annexure** have been accurately extracted from the Report of the Board of Directors of the Company for the year ended March 31, 2019..

Restriction on Use

9. This certificate addressed to and provided to the Board of Directors of the Company is solely for inclusion in the offer document prepared in connection with the proposed Public Issue of Non convertible debentures of Muthoot Finance Limited. Our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

UDIN: 19203094AAAAAN5750
Place : Kochi
Date : September 17, 2019

For VARMA & VARMA
(FRN:004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

ANNEXURE

MUTHOOT FINANCE LTD

Disclosure pursuant to Part A of Schedule V read with regulation 34(3) and 53(f) of SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

Rs in millions

Sl. No	Loans and Advances in the nature of Loans (Principal Amount)	Amount Outstanding as at March 31, 2019	Maximum Amount Outstanding during the year ended March 31, 2019
(A)	To Subsidiaries	5,000.00	6,290.00
(B)	To Associates	N.A	N.A
(C)	To Firms/Companies in which Directors are Interested (other than (A) and (B) above)	NIL	NIL
(D)	Investments by the loanee in the shares of Parent Company and Subsidiary Company when the Company has made a loan or advance in the nature of loan	NIL	NIL

For MUTHOOT FINANCE LIMITED

Authorised Signatory

VARMA & VARMA
KOCHI-19
CHARTERED ACCOUNTANTS

Independent Auditor's Review Report on standalone unaudited quarterly financial results of the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors,
Muthoot Finance Limited.

1. We have reviewed the accompanying statement of unaudited standalone financial results of Muthoot Finance Limited ("the Company") for the quarter ended 30 June 2019 ("the Statement"). This statement has been prepared by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended (the 'Listing Regulations'), read with SEBI Circular No CIR/CFD/CMD1/44/2019 dated March 29 2019 ('the Circular').

2. The preparation of this Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, ('Ind AS 34') "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted and procedures performed as stated in Paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the

aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Varma & Varma
Chartered Accountants
FRN:004532 S

Place: Kochi
Date: 12.08.2019

Sd/-
V Sathyanarayanan
Partner
(Membership No. 021941)

UDIN: 19021941AAAAAB2558

MUTHOOT FINANCE LIMITED
Registered and Corporate Office: 2nd Floor, Muthoot Chambers,
Opposite Saritha Theatre Complex, Banerji Road, Kochi - 682 018, India.
CIN : L65910KL1997PLC011300
Ph. No. : 0484 2396478, Fax No. : 0484 2396506, Website : www.muthootfinance.com,
Email : mails@muthootgroup.com

Statement of Unaudited Standalone Financial Results for the Quarter ended June 30, 2019

Rs. in Millions except for equity share data

	Particulars	Quarter ended			Year ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		(Unaudited)	(Refer Note 1)	(Unaudited)	(Audited)
	Revenue from operations				
(i)	Interest income	18,274.26	18,318.85	16,108.30	67,570.12
(ii)	Dividend income	-	-	-	-
(iii)	Net gain/(loss) on fair value changes	96.49	277.10	41.75	480.50
(iv)	Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-
(v)	Sale of services	54.11	54.21	64.67	229.51
(vi)	Service charges	143.37	146.99	109.93	501.95
(I)	**Total Revenue from operations**	**18,568.23**	**18,797.15**	**16,324.65**	**68,782.08**
(II)	Other Income	18.68	6.94	5.31	24.22
(III)	**Total Income (I + II)**	**18,586.91**	**18,804.09**	**16,329.96**	**68,806.30**
	Expenses				
(i)	Finance costs	6,416.09	6,110.50	5,015.63	22,368.44
(ii)	Impairment on financial instruments	32.97	204.52	26.53	275.48
(iii)	Employee benefits expenses	2,294.94	2,740.90	2,168.73	8,975.53
(iv)	Depreciation, amortization and impairment	95.89	119.44	91.09	420.86
(v)	Other expenses	1,580.86	1,686.63	1,477.98	5,997.83
(IV)	**Total Expenses (IV)**	**10,420.75**	**10,861.99**	**8,779.96**	**38,038.14**
(V)	**Profit before tax (III- IV)**	**8,166.16**	**7,942.10**	**7,550.00**	**30,768.16**
(VI)	Tax Expense:				
	(1) Current tax	2,889.82	2,874.50	2,706.90	10,937.68
	(2) Deferred tax	(23.97)	(47.42)	(72.49)	(114.75)
	(3) Taxes relating to prior years	-	-	-	223.81
(VII)	**Profit for the period (V-VI)**	**5,300.31**	**5,115.02**	**4,915.59**	**19,721.42**
(VIII)	**Other Comprehensive Income**				
A)	(i) Items that will not be reclassified to profit or loss:				
	- Remeasurement of defined benefit plans	(5.72)	13.85	15.90	(22.88)
	- Fair value changes on equity instruments through Other Comprehensive Income	(17.36)	33.89	-	33.89
	(ii) Income tax relating to items that will not be reclassified to profit or loss	8.07	(16.68)	(5.50)	(3.85)
	Subtotal (A)	**(15.01)**	**31.06**	**10.40**	**7.16**
B)	(i) Items that will be reclassified to profit or loss:				
	- Gain / (loss) from translating financial statements of a foreign operation	-	-	-	-
	- Fair value change in debt instruments through Other Comprehensive Income	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Subtotal (B)	**-**	**-**	**-**	**-**
	Other Comprehensive Income (A + B) (VIII)	**(15.01)**	**31.06**	**10.40**	**7.16**
(IX)	**Total comprehensive income for the period (VII+VIII)**	**5,285.30**	**5,146.08**	**4,925.99**	**19,728.58**
(X)	**Earnings per equity share (quarterly figures are not annualised)**				
	(Face value of Rs. 10 each)				
	Basic (Rs.)	13.23	12.77	12.29	49.27
	Diluted (Rs.)	13.20	12.75	12.24	49.18

MUTHOOT FINANCE LIMITED

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Email : mails@muthootgroup.com

Unaudited Standalone Statement of Assets and Liabilities (Balance Sheet) as at June 30, 2019

Rs. in Millions

		Particulars	As at 30 June 2019	As at 31 March 2019	As at 30 June 2018
			(Unaudited)	(Audited)	(Unaudited)
I		**ASSETS**			
	1	**Financial assets**			
	a)	Cash and cash equivalents	9,133.21	17,134.85	6,306.77
	b)	Bank balance other than (a) above	1,696.01	220.23	1,702.01
	c)	Receivables			
		(I) Trade receivables	170.44	160.59	171.67
		(II) Other receivables	-	-	-
	d)	Loans	3,64,313.76	3,49,329.32	3,15,395.53
	e)	Investments	10,438.35	9,825.56	4,129.12
	f)	Other financial assets	1,080.94	1,079.02	979.94
	2	**Non-financial Assets**			
	a)	Deferred tax assets (net)	207.18	175.15	148.23
	b)	Property, plant and equipment	1,843.64	1,866.58	1,886.99
	c)	Capital work-in-progress	253.10	228.30	134.83
	d)	Other intangible assets	55.30	58.97	75.00
	e)	Other non financial assets	858.94	608.43	808.19
		Total Assets	**3,90,050.87**	**3,80,687.00**	**3,31,738.28**
II		**LIABILITIES AND EQUITY**			
		LIABILITIES			
	1	**Financial Liabilities**			
	a)	Payables			
		(I) Trade payables			
		(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,278.69	1,633.97	1,204.86
		(II) Other payables			
		(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
	b)	Debt securities	82,786.10	79,869.53	77,739.54
	c)	Borrowings (other than debt securities)	1,93,922.55	1,84,174.79	1,44,122.42
	d)	Subordinated liabilities	3,980.94	4,287.20	9,126.36
	e)	Other financial liabilities	6,819.17	9,763.86	11,537.56
	2	**Non-financial Liabilities**			
	a)	Current tax liabilities (net)	1,882.67	604.47	2,105.61
	b)	Provisions	1,620.55	2,106.20	2,489.25
	c)	Other non-financial liabilities	328.56	319.79	341.52
	3	**Equity**			
	a)	Equity share capital	4,007.02	4,006.61	4,000.91
	b)	Other equity	93,424.62	93,920.58	79,070.25
		Total Liabilities and Equity	**3,90,050.87**	**3,80,687.00**	**3,31,738.28**

See accompanying notes to financial results

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Notes:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on August 12, 2019. The Standalone figures for the last quarter of the previous year are the balancing figures between audited figures in respect of the full financial year and the published year- to-date figures up to third quarter.

2. The Company has adopted Indian Accounting Standards ('Ind AS') as notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules 2015 from April 1, 2018.

   As required by Ind AS 109 ('Financial Instruments'), provision for expected credit loss in respect of loans has been made based on management's estimate of probable default and loss given default. Provision created on loan assets in earlier periods towards non-performing assets and standards assets which is in excess of the amount currently determined on application of expected credit loss method as per Ind AS 109 ('Financial Instruments') has been retained in the books of accounts, as a matter of prudence and carried under 'Provisions' in Balance Sheet. The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. The effective interest rate on a financial asset is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset .While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset, probable fluctuation in collateral value etc. are considered which has an impact on the EIR, as estimated by the management.

   These financial results may require further adjustments, if any, necessitated by guidelines/ clarifications/ directions issued in the future by RBI, Ministry of Corporate Affairs or other regulators, which will be implemented as and when the same are issued/ made applicable.

3. The Company operates mainly in the business of financing and accordingly there are no separate reportable operating segments as per Ind AS 108 - Operating Segments.

4. During the quarter ended June 30, 2019, the company has allotted 41,080 shares under the 'Muthoot ESOP 2013 Scheme '. The company has not granted any options during the quarter.

5. The Company has maintained requisite full asset cover by way of mortgage of immovable property and pari passu floating charge on current assets, book debts and loans & advances of the Company on its Secured Listed Non- Convertible Debentures aggregating to Rs. 79,134.12 Million at principal value as at June 30, 2019.

6. During the quarter ended June 30, 2019, the company subscribed to 49,000,000 equity shares of Rs 10/- each per share of its wholly- owned subsidiary, Muthoot Asset Management Private Limited for a total consideration of Rs. 490.00 Million.

7. During the quarter ended June 30, 2019, the company subscribed to 900,000 equity shares of Rs 10/- each per share of its wholly- owned subsidiary, Muthoot Trustee Private Limited for a total consideration of Rs. 9.00 Million.

8. During the quarter ended June 30, 2019, the company subscribed to 15,093,129 equity shares of LKR 10/- each of its subsidiary, Asia Asset Finance PLC for a total consideration of Rs. 60.84 Millions taking its shareholding to 72.92%.

9. During the quarter ended June 30, 2019, the Company has acquired 2,100,000 equity shares of Nepalese Rupee 100/- each in United Finance Limited, Nepal at a purchase consideration of Rs.249.39 Million. The management does not have significant influence over the entity as specified in Ind AS-28 - Investments in Associates and Joint Ventures; and has elected to recognise and measure the investment at fair value through OCI as per the requirements of Ind AS 109 – Financial Instruments.

10. Previous period figures have been regrouped / reclassified wherever necessary to conform to current period presentation.

For and on behalf of the Board of Directors

Sd/-

George Alexander Muthoot
Managing Director
DIN- : 00016787

Kochi
August 12, 2019

Independent Auditor's Review Report on consolidated unaudited quarterly financial results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
Muthoot Finance Limited

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Muthoot Finance Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended 30 June 2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'), read with SEBI Circular No CIR/CFD/CMD1/44/2019 dated March 29 2019 ('the Circular'). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30 June 2018 and 31 March 2019, as reported in these financial results have been approved by the Parent's Board of Directors but have not been subjected to review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ('Ind AS 34') "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
   i. Asia Asset Finance PLC
   ii. Muthoot Homefin (India) Limited
   iii. Belstar Investment and Finance Private Limited
   iv. Muthoot Insurance Brokers Private Limited
   v. Muthoot Asset Management Private Limited
   vi. Muthoot Trustee Private Limited
   vii. Muthoot Money Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial statements / financial information / financial results of 7 subsidiaries included in the consolidated unaudited financial results, whose interim financial statements / financial information / financial results reflect total assets of Rs. 51,323.76 millions as at 30 June 2019 and total revenues of Rs.2,223.50 millions, total net profit after tax of Rs. 332.84 millions and total comprehensive income of Rs.335.09 millions, for the quarter ended 30 June 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial statements / financial information / financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

For Varma & Varma
Chartered Accountants
FRN:004532 S

Place: Kochi
Date: 12.08.2019

Sd/-
V Sathyanarayanan
Partner
(Membership No. 021941)

UDIN: 19021941AAAAAC3550

MUTHOOT FINANCE LIMITED
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Statement of Unaudited Consolidated Financial Results for the Quarter ended June 30, 2019

Rs. in Millions except for equity share data

	Particulars	Quarter ended			Year ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		(Unaudited)	(Refer Note 2)	(Unaudited)	(Audited)
	Revenue from operations				
	(i) Interest income	20,258.68	20,178.11	17,539.99	74,160.10
	(ii) Dividend income	-	-	-	-
	(iii) Net gain on fair value changes	123.45	304.96	52.32	554.88
	(iv) Net gain on derecognition of financial instruments under amortised cost category	47.64	42.28	-	118.51
	(v) Sale of services	54.11	54.21	64.66	229.51
	(vi) Service charges	192.80	266.87	177.75	881.32
(I)	**Total Revenue from operations**	**20,676.68**	**20,846.43**	**17,834.72**	**75,944.32**
(II)	Other Income	44.44	41.95	22.20	66.17
(III)	**Total Income (I + II)**	**20,721.12**	**20,888.38**	**17,856.92**	**76,010.49**
	Expenses				
	(i) Finance costs	7,324.15	6,888.06	5,696.52	25,354.65
	(ii) Impairment on financial instruments	164.95	355.22	109.36	678.51
	(iii) Employee benefits expenses	2,697.01	3,122.88	2,395.00	10,133.43
	(iv) Depreciation, amortization and impairment	123.11	152.60	108.53	516.93
	(v) Other expenses	1,775.42	1,918.23	1,619.00	6,731.69
(IV)	**Total Expenses (IV)**	**12,084.64**	**12,436.99**	**9,928.41**	**43,415.21**
(V)	**Profit before tax (III- IV)**	**8,636.48**	**8,451.39**	**7,928.51**	**32,595.28**
(VI)	Tax Expense:				
	(1) Current tax	3,026.18	3,013.08	2,822.43	11,466.73
	(2) Deferred tax	(22.84)	(47.25)	(69.52)	(138.82)
	(3) Taxes relating to prior years	-	-	-	237.76
(VII)	**Profit for the year (V- VI)**	**5,633.14**	**5,485.56**	**5,175.60**	**21,029.61**
(VIII)	**Other Comprehensive Income**				
	A) (i) Items that will not be re-classified to profit or loss				
	- Remeasurement of defined benefit plans	(5.68)	10.75	15.91	(28.06)
	- Fair value changes on equity instruments through other comprehensive income	(17.36)	33.89	-	33.89
	(ii) Income tax relating to items that will not be reclassified to profit or loss	8.06	(15.93)	(5.50)	(2.50)
	Subtotal (A)	**(14.98)**	**28.71**	**10.41**	**3.33**
	B) (i) Items that will be re-classified to profit or loss				
	- Gain/ (loss) from translating financial statements of a foreign operations	(13.22)	35.94	18.60	(40.06)
	-Fair value gain on debt instruments through other comprehensive income	3.13	17.63	-	17.63
	(ii) Income tax relating to items that will be reclassified to profit or loss	(0.91)	(5.13)	-	(5.13)
	Subtotal (B)	**(11.00)**	**48.44**	**18.60**	**(27.56)**
	Other comprehensive income (A + B) (VIII)	**(25.98)**	**77.15**	**29.01**	**(24.23)**
(IX)	**Total comprehensive income for the year (VII+VIII)**	**5,607.16**	**5,562.71**	**5,204.61**	**21,005.38**
	Profit for the period attributable to				
	Owners of the parent	5,561.87	5,418.59	5,130.44	20,780.13
	Non-controlling interest	71.27	66.97	45.16	249.48
	Other comprehensive income attributable to				
	Owners of the parent	(23.06)	63.05	21.57	(11.11)
	Non-controlling interest	(2.92)	14.10	7.44	(13.12)
	Total comprehensive income for the year attributable to				
	Owners of the parent	5,538.81	5,481.64	5,152.01	20,769.02
	Non-controlling interest	68.35	81.07	52.60	236.36
(X)	**Earnings per equity share (quarterly figures are not annualised)**				
	(Face value of Rs. 10/- each)				
	Basic (Rs.)	13.88	13.53	12.82	51.92
	Diluted (Rs.)	13.85	13.50	12.79	51.82

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Unaudited Consolidated Statement of Assets and Liabilities (Balance Sheet) as at June 30, 2019

Rs. in Millions

	Particulars	As at 30 June 2019	As at 31 March 2019
		(Unaudited)	(Audited)
I.	**ASSETS**		
1	**Financial assets**		
a)	Cash and cash equivalents	10,866.73	20,056.62
b)	Bank Balance other than (a) above	3,366.19	1,978.22
c)	Receivables		
	(I) Trade Receivables	218.55	216.75
	(II) Other Receivables	-	-
d)	Loans	406,018.21	387,225.27
e)	Investments	2,255.00	2,111.26
f)	Other Financial assets	1,353.61	1,795.85
2	**Non-financial Assets**		
a)	Current tax assets (Net)	31.60	20.29
b)	Deferred tax Assets (Net)	404.02	369.40
c)	Investment Property	154.66	156.97
d)	Property, Plant and Equipment	2,066.21	2,055.82
e)	Capital work-in-progress	253.10	228.30
f)	Goodwill	299.96	299.96
g)	Other Intangible assets	76.07	79.85
h)	Other non-financial assets	1,294.66	753.43
	Total Assets	**428,658.57**	**417,347.99**
II.	**LIABILITIES AND EQUITY**		
	LIABILITIES		
1	**Financial Liabilities**		
a)	Payables		
	(I) Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,304.94	1,664.05
	(II) Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
b)	Debt Securities	87,215.56	82,149.41
c)	Borrowings (other than Debt Securities)	221,107.79	211,314.21
d)	Deposits	2,409.81	2,618.98
e)	Subordinated Liabilities	4,576.86	5,192.51
f)	Other financial liabilities	7,355.86	10,466.26
2	**Non-financial Liabilities**		
a)	Current tax liabilities (Net)	1,904.22	611.94
b)	Provisions	1,697.31	2,165.33
c)	Deferred tax liabilities (Net)	11.74	10.34
d)	Other non-financial liabilities	502.50	419.19
3	**EQUITY**		
a)	Equity share capital	4,007.02	4,006.61
b)	Other equity	95,067.72	95,305.39
	Equity attributable to the owners of the parent	**99,074.74**	**99,312.00**
c)	Non-controlling interest	1,497.24	1,423.77
	Total Liabilities and Equity	**428,658.57**	**417,347.99**

See accompanying notes to financial results

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Notes:

1. The consolidated results of the Group includes unaudited financial results of subsidiaries namely Asia Asset Finance PLC, Muthoot Homefin (India) Limited, Belstar Investment and Finance Private Limited, Muthoot Insurance Brokers Private Limited, Muthoot Asset Management Private Limited, Muthoot Trustee Private Limited and Muthoot Money Limited which have been reviewed by the auditors of the respective Companies.

2. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on August 12, 2019. The consolidated figures for the corresponding quarter ended 30 June 2018 and for the quarter ended 31 March 2019 as reported in these financial results have been approved by the Company's Board of Directors, but have not been subjected to review. The Consolidated figures for the last quarter of the previous year are the balancing figures between audited figures in respect of the full financial year and the year- to-date figures up to third quarter approved by the Company's Board of Directors.

3. The Company has adopted Indian Accounting Standards ('Ind AS') as notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules 2015 from April 1, 2018.

   As required by Ind AS 109 ('Financial Instruments'), provision for expected credit loss in respect of loans has been made based on management's estimate of probable default and loss given default. Provision created on loan assets in earlier periods towards non-performing assets and standards assets which is in excess of the amount currently determined on application of expected credit loss method as per Ind AS 109 ('Financial Instruments') has been retained in the books of accounts, as a matter of prudence and carried under 'Provisions' in Balance Sheet. The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. The effective interest rate on a financial asset is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset .While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset , probable fluctuation in collateral value etc are considered which has an impact on the EIR, as estimated by the management.

   These financial results may require further adjustments, if any, necessitated by guidelines/ clarifications/ directions issued in the future by RBI, Ministry of Corporate Affairs or other regulators, which will be implemented as and when the same are issued/ made applicable.

4. The group operates mainly in the business of financing and accordingly there are no separate reportable operating segments as per Ind AS 108 - Operating Segments.

5. During the quarter ended June 30, 2019, the company has allotted 41,080 shares under the 'Muthoot ESOP 2013 Scheme '. The company has not granted any options during the quarter.

6. The Company has maintained requisite full asset cover by way of mortgage of immovable property and pari passu floating charge on current assets, book debts and loans & advances of the Company on its Secured Listed Non- Convertible Debentures aggregating to Rs. 79,134.12 Million at principal value as at June 30, 2019.

7. During the quarter ended June 30, 2019, the company subscribed to 49,000,000 equity shares of Rs 10/- each per share of its wholly- owned subsidiary, Muthoot Asset Management Private Limited for a total consideration of Rs. 490.00 Million.

8. During the quarter ended June 30, 2019, the company subscribed to 900,000 equity shares of Rs 10/- each per share of its wholly- owned subsidiary, Muthoot Trustee Private Limited for a total consideration of Rs. 9.00 Million.

9. During the quarter ended June 30, 2019, the company subscribed to 15,093,129 equity shares of LKR 10/- each of its subsidiary, Asia Asset Finance PLC for a total consideration of Rs. 60.84 Million taking its shareholding to 72.92%.

10. During the quarter ended June 30, 2019, the Company has acquired 2,100,000 equity shares of Nepalese Rupee 100/- each in United Finance Limited, Nepal at a purchase consideration of Rs.249.39 Million. The management does not have significant influence over the entity as specified in Ind AS-28 – Investments in Associates and Joint Ventures; and has elected to recognise and measure the investment at fair value through OCI as per the requirements of Ind AS 109 – Financial Instruments.

11. Previous period figures have been regrouped / reclassified wherever necessary to conform to current period presentation.

For and on behalf of the Board of Directors

Sd/-

Kochi
August 12, 2019

George Alexander Muthoot
Managing Director
DIN- : 00016787